Fiscal Notes Prepared by the Missouri State Auditor's Office in 2018

Fiscal Note Number	Date Received	Fiscal Note Description	Date Submitted to Secretary of State
18-R002	02/22/2017	**Senate Substitute No. 2 for Senate Bill No. 19 (Louis) - Collective Bargaining**	03/24/2017
18-R001	02/07/2017	Senate Substitute No. 2 for Senate Bill No. 19 (Louis) - Collective Bargaining	Rejected by Secretary of State
18-HJR 59	06/01/2018	**House Joint Resolution No. 59 (Bingo)**	06/25/2018
18-371	03/27/2018	Proposal Related to Chapter 558, RSMo (Walker) - Prison Commitment Terms	Rejected by Secretary of State
18-370	03/23/2018	Proposal Related to Chapter 173, RSMo (Hagg) - Campus Free Expression Act	Rejected by Secretary of State
18-369	03/23/2018	Proposal Related to Chapter 116, RSMo (Hagg) - Fines	Rejected by Secretary of State
18-368	03/15/2018	Proposal Related to Chapter 441, RSMo (Reed) - Rent Eviction	Rejected by Secretary of State
18-367	03/15/2018	Proposal Related to Chapter 250, RSMo (Reed) - Disconnection of Water	Rejected by Secretary of State
18-366	03/15/2018	Proposal Related to Chapter 115, RSMo (Brown) - The Grand Marshal Party	Rejected by Secretary of State
18-365	03/13/2018	Proposed Amendment (Brown) - Formal Process for Sainthood	Rejected by Secretary of State
18-364	03/13/2018	Proposal Related to Chapter 321, RSMo (Brown) - Illegal Office Holders	Rejected by Secretary of State

18-363	03/12/2018	Proposal Related to Chapter 196, RSMo (Melton) - Prescribing Protocols on Dangerous Drugs of Abuse	Rejected by Secretary of State
18-362	03/12/2018	Proposal Related to Chapter 178, RSMo (Brown) - Recall Unbonded Board Membership	Rejected by Secretary of State
18-361	03/07/2018	**Proposal Related to Chapter 393, RSMo (Owens) - Missouri Renewable Energy Standards**	04/03/2018
18-360	03/06/2018	**Proposal Related to Chapter 393, RSMo, version 3 (Owens) - Missouri Renewable Energy Standards**	04/02/2018
18-359	03/06/2018	**Proposal Related to Chapter 393, RSMo, version 2 (Owens) - Missouri Renewable Energy Standards**	04/02/2018
18-358	03/01/2018	Proposed Constitutional Amendment - Article IV (Reed) - Sales Tax for Truck Driving Lane	Rejected by Secretary of State
18-357	02/28/2018	Proposed Constitutional Amendment - Article I (Reed) - Petitioning in Outdoor Spaces	Rejected by Secretary of State
18-356	02/16/2018	Proposal Related to Chapter 393, RSMo, version 3 (Patterson) - Missouri Renewable Energy Standards	Rejected by Secretary of State
18-355	02/16/2018	Proposal Related to Chapter 393, RSMo, version 2 (Patterson) - Missouri Renewable Energy Standards	Rejected by Secretary of State
18-354	02/16/2018	Proposal Related to Chapter 393, RSMo, version 1 (Patterson) - Missouri Renewable Energy Standards	Rejected by Secretary of State
18-353	02/09/2018	Proposal Related to Chapter 393, RSMo, version 3 (Owens) - Missouri Renewable Energy Standards	Rejected by Secretary of State
18-352	02/09/2018	Proposal Related to Chapter 393, RSMo, version 2 (Owens) - Missouri Renewable Energy Standards	Rejected by Secretary of State
18-351	02/09/2018	Proposal Related to Chapter 393, RSMo, version 1 (Owens) - Missouri Renewable Energy Standards	Rejected by Secretary of State
18-350	02/01/2018	Proposal Related to Chapter 393, RSMo, version 3 (Linhares) - Missouri	Rejected by

		Renewable Energy Standards	Secretary of State
18-349	02/01/2018	Proposal Related to Chapter 393, RSMo, version 2 (Linhares) - Missouri Renewable Energy Standards	Rejected by Secretary of State
18-348	02/01/2018	Proposal Related to Chapter 393, RSMo, version 1 (Linhares) - Missouri Renewable Energy Standards	Rejected by Secretary of State
18-347	01/22/2018	Proposal Related to Chapter 506, RSMo (Brown) - Conceal Carry for Process Servers	Rejected by Secretary of State
18-346	01/19/2018	Proposed Statutory Amendment (Reed) - Rent Eviction	Rejected by Secretary of State
18-345	01/19/2018	Proposed Statutory Amendment (Reed) - Disconnection of Water	Rejected by Secretary of State
18-344	01/19/2018	Proposed Statutory Amendment (Reed) - Petitioning in Outdoor Spaces	Rejected by Secretary of State
18-343	01/17/2018	Proposed Constitutional Amendment - Article IV (Reed) - Sales Tax for Technology Parks	Rejected by Secretary of State
18-342	01/17/2018	Proposal Related to Chapter 393, RSMo, version 6 (Linhares) - Missouri Renewable Energy Standards	Rejected by Secretary of State
18-341	01/17/2018	Proposal Related to Chapter 393, RSMo, version 5 (Linhares) - Missouri Renewable Energy Standards	Rejected by Secretary of State
18-340	01/17/2018	Proposal Related to Chapter 393, RSMo, version 4 (Linhares) - Missouri Renewable Energy Standards	Rejected by Secretary of State
18-339	01/17/2018	Proposal Related to Chapter 393, RSMo, version 3 (Linhares) - Missouri Renewable Energy Standards	Rejected by Secretary of State
18-338	01/17/2018	Proposal Related to Chapter 393, RSMo, version 2 (Linhares) - Missouri Renewable Energy Standards	Rejected by Secretary of State

18-337	01/17/2018	Proposal Related to Chapter 393, RSMo, version 1 (Linhares) - Missouri Renewable Energy Standards	Rejected by Secretary of State
18-336	01/16/2018	**Proposed Constitutional Amendment - Article V (Reed) - Bar Exam Eligibility**	02/15/2018
18-335	01/11/2018	Proposed Constitutional Amendment - Article IV (Reed) - Sales Tax for Rail Passenger Service	Rejected by Secretary of State
18-334	01/10/2018	**Proposed Constitutional Amendment - Article IV, Section 48 (Reed) - Limitations on Use of Hand-Held Communication Devices in Vehicles**	02/09/2018
18-333	01/10/2018	Proposed Constitutional Amendment - Article IV (Reed) - Sales Tax for Rail Passenger Service	Rejected by Secretary of State
18-332	01/10/2018	**Proposed Constitutional Amendment - Article I (Reed) - Petitioning at State Funded Operations**	02/09/2018
18-331	01/08/2018	Proposed Constitutional Amendment - Article IV (Reed) - Sales Tax for Truck Driving Lane	Rejected by Secretary of State
18-330	01/03/2018	Proposal Related to Chapter 47, RSMo (Brown) - Formation of a New Missouri County	Rejected by Secretary of State
18-329	12/22/2017	Proposal Related to Chapter 178, RSMo (Brown) - Community College Police Officers	Rejected by Secretary of State
18-328	12/19/2017	**Proposed Constitutional Amendment - Article IV, version 2 (Briggs) - Sales Tax to Fund Law Enforcement**	02/26/2018
18-327	12/19/2017	**Proposed Constitutional Amendment - Article IV, version 1 (Briggs) - Sales Tax to Fund Law Enforcement**	02/26/2018
18-326	12/18/2017	**Proposed Constitutional Amendment - Chapter 142, RSMo, version 3 (Briggs) - Motor Fuel Tax**	01/18/2018
18-325	12/18/2017	**Proposed Constitutional Amendment - Chapter 142, RSMo, version 2 (Briggs) - Motor Fuel Tax**	01/18/2018
18-324	12/18/2017	**Proposed Constitutional Amendment - Chapter 142, RSMo, version 1 (Briggs) - Motor Fuel Tax**	01/18/2018
18-323	12/18/2017	**Proposed Constitutional Amendment - Article IV, version 2 (Briggs) - Sales Tax to Fund Law Enforcement**	01/18/2018

18-322	12/18/2017	**Proposed Constitutional Amendment - Article IV, version 1 (Briggs) - Sales Tax to Fund Law Enforcement**	01/18/2018
18-321	12/12/2017	Proposal Related to Chapter 590, RSMo (Brown) - Regulation and Licensing of Corporate Security Advisors	Rejected by Secretary of State
18-320	12/12/2017	Proposal Related to Chapter 57, RSMo (Brown) - Election of Sheriffs	Rejected by Secretary of State
18-319	12/12/2017	Proposal Related to Chapter 320, RSMo (Brown) - Fire Department Registration	Rejected by Secretary of State
18-318	12/12/2017	**Proposed Constitutional Amendment - Article V, version 2 (Thomas) - Election of Judges**	01/12/2018
18-317	12/12/2017	**Proposed Constitutional Amendment - Article V, version 1 (Thomas) - Nonpartisan Election of Judges**	01/12/2018
18-316	12/08/2017	**Proposed Constitutional Amendment - Article XIV, version 3 (Thomas) - Right to Remember Amendment**	01/05/2018
18-315	12/08/2017	**Proposed Constitutional Amendment - Article VI (Thomas) - Immigration and Custom Enforcement**	01/05/2018
18-314	12/08/2017	**Proposed Constitutional Amendment - Article XIV, version 2 (Thomas) - Union Abuse Prevention Amendment**	01/05/18 Withdrawn by Petitioner 03/27/18
18-313	12/08/2017	**Proposed Constitutional Amendment - Article XIV, version 1 (Thomas) - Union Abuse Prevention Amendment**	01/05/18 Withdrawn by Petitioner 03/27/18
18-312	12/06/2017	Proposal Related to Chapter 320, RSMo (Brown) - Fire Department Registration	Rejected by Secretary of State
18-311	11/27/2017	Proposal Related to Chapter 558, RSMo (Walker) - Prison Commitment Terms	Rejected by Secretary of State
18-310	11/27/2017	**Proposed Constitutional Amendment - Article I, version 6 (Thomas) - Right To Work**	12/28/17 Withdrawn by Petitioner 03/27/18

18-309	11/27/2017	**Proposed Constitutional Amendment - Article I, version 5 (Thomas) - Right To Work - Freedom of Speech**	12/28/17 Withdrawn by Petitioner 03/27/18
18-308	11/27/2017	**Proposed Constitutional Amendment - Article I, version 4 (Thomas) - Right To Work - Freedom of Speech**	12/28/17 Withdrawn by Petitioner 03/27/18
18-307	11/27/2017	**Proposed Constitutional Amendment - Article I, version 3 (Thomas) - Right To Work - Freedom of Speech**	12/28/17 Withdrawn by Petitioner 03/27/18
18-306	11/27/2017	**Proposed Constitutional Amendment - Article I, version 2 (Thomas) - Right To Work - Freedom of Speech**	12/28/17 Withdrawn by Petitioner 03/27/18
18-305	11/27/2017	**Proposed Constitutional Amendment - Article I, version 1 (Thomas) - Right To Work**	12/28/17 Withdrawn by Petitioner 03/27/18
18-304	11/13/2017	**Proposed Constitutional Amendment - Article I (Thomas) - Right To Work**	12/11/2017
18-303	11/02/2017	Proposed Constitutional Amendment - Article I (Thomas) - Right To Work	Rejected by Secretary of State
18-302	10/30/2017	Proposed Constitutional Amendment - Article IV (Morrow) - Cannabis Legalization	Rejected by Secretary of State
18-301	10/27/2017	Proposal Related to Chapters 558 and 560, RSMo (Hagg) - Excessive Bail	Rejected by Secretary of State
18-300	10/26/2017	Proposal Related to Chapter 116, RSMo (Hagg) - Fines	Rejected by Secretary of State
18-299	10/13/2017	**Proposal Related to Chapter 147, RSMo, version 4 (Peterson) - Changes to Annual Franchise Tax**	11/09/2017
18-298	10/13/2017	**Proposal Related to Chapter 147, RSMo, version 3 (Peterson) - Changes to Annual Franchise Tax**	11/09/2017
18-297	10/13/2017	**Proposal Related to Chapter 147, RSMo, version 2 (Peterson) - Changes to**	11/09/2017

		Annual Franchise Tax	
18-296	10/13/2017	**Proposal Related to Chapter 147, RSMo, version 1 (Peterson) - Changes to Annual Franchise Tax**	11/09/2017
18-295	10/13/2017	**Proposal Related to Chapter 115, RSMo (Peterson) - Voter Identification**	11/09/2017
18-294	10/11/2017	Proposal Related to Chapters 218, 544, and 557, RSMo (Hagg) - House Arrest Program	Rejected by Secretary of State
18-293	10/11/2017	Proposal Related to Chapter 559, RSMo (Hagg) - Probation and Prison Sentences	Rejected by Secretary of State
18-292	10/10/2017	Proposal Related to Chapter 558, RSMo (Hagg) - Felony Fine Penalties	Rejected by Secretary of State
18-291	10/06/2017	Proposal Related to Chapter 374, RSMo (Hagg) - Bail Bonds and Surety Agents	Rejected by Secretary of State
18-290	10/05/2017	Proposed Constitutional Amendment - Article V (Worthan-Loux) - Election of Judges	Rejected by Secretary of State
18-289	10/04/2017	Proposed Constitutional Amendment - Article V (Worthan-Loux) - Election of Judges	Withdrawn by Petitioner
18-288	09/29/2017	Proposal Related to Chapters 217, 544, and 557, RSMo (Hagg) - House Arrest	Rejected by Secretary of State
18-287	09/29/2017	Proposal Related to Chapters 558 and 559, RSMo (Hagg) - Prison Sentences	Rejected by Secretary of State
18-286	09/29/2017	Proposal Related to Chapters 558 and 560, RSMo (Hagg) - Excessive Bail	Rejected by Secretary of State
18-285	09/26/2017	Proposal Related to Chapter 115, RSMo (Peterson) - Voter Identification	Rejected by Secretary of State
18-284	09/25/2017	Proposal Related to Chapter 147, RSMo, version 2 (Peterson) - Changes to Annual Franchise Tax	Rejected by Secretary of State
18-283	09/25/2017	Proposal Related to Chapter 147, RSMo, version 1 (Peterson) - Changes to	Rejected by

		Annual Franchise Tax	Secretary of State
18-282	09/20/2017	Proposed Constitutional Amendment - Article IV (Reed) - Sales Tax for Rail Passenger Service	Rejected by Secretary of State
18-281	09/20/2017	**Proposed Constitutional Amendment - Article I (Reed) - Missouri Career Centers**	10/20/2017
18-280	09/20/2017	Proposed Constitutional Amendment - Article V, version 2 (Reed) - Bar Exam Eligibility	Rejected by Secretary of State
18-279	09/20/2017	Proposed Constitutional Amendment - Article V, version 1 (Reed) - Bar Exam Eligibility	Rejected by Secretary of State
18-278	09/19/2017	Proposal Related to Chapter 374, RSMo (Hagg) - Regulation of Bail Bond Agents and Surety Recovery Agents	Rejected by Secretary of State
18-277	09/11/2017	Proposal Related to Chapter 147, RSMo (Peterson) - Changes to Annual Franchise Tax	Rejected by Secretary of State
18-276	09/08/2017	Proposal Related to Chapters 217 and 544, RSMo (Hagg) - House Arrest	Rejected by Secretary of State
18-275	09/06/2017	**Proposal Related to Chapter 208, RSMo (Peterson) - Changes to the Missouri HealthNet Program**	10/06/2017
18-274	09/06/2017	Proposal Related to Chapter 147, RSMo, version 2 (Peterson) - Changes to Annual Franchise Tax	Rejected by Secretary of State
18-273	09/06/2017	Proposal Related to Chapter 147, RSMo, version 1 (Peterson) - Changes to Annual Franchise Tax	Withdrawn by Petitioner
18-272	09/05/2017	Proposal Related to Chapters 558 and 560, RSMo (Hagg) - Criminal Sentences	Rejected by Secretary of State
18-271	09/01/2017	**Proposal Related to Chapters 192, 195, 263, and 311, RSMo (Pearson) - Missouri Patient Care Act**	09/29/2017
18-270	08/30/2017	Proposal Related to Chapter 188, RSMo (Loftis) - Right To Life	Rejected by Secretary of State

18-269	08/28/2017	Proposed Constitutional Amendment - Article VIII (Reed) - Federal Constitutional Convention	Rejected by Secretary of State
18-268	08/24/2017	Proposal Related to Chapter 374, RSMo (Hagg) - Professional Bail Bondsman and Surety Recovery Agent Licensure Act	Rejected by Secretary of State
18-267	08/22/2017	Proposal Related to Chapter 559, RSMo (Hagg) - Probation and Prison Sentences	Rejected by Secretary of State
18-266	08/15/2017	Proposal Related to Chapters 192, 195, 263, and 311, RSMo (Pearson) - Missouri Patient Care Act	Rejected by Secretary of State
18-265	08/11/2017	Proposed Constitutional Amendment - Article VIII (Reed) - Federal Constitutional Convention	Rejected by Secretary of State
18-264	08/08/2017	Proposal Related to Chapters 217, 221, 544, 557, 558 and 577, RSMo (Hagg) - Changes to Law Enforcement	Rejected by Secretary of State
18-263	08/07/2017	Proposal Related to Chapter 558, RSMo (Walker) - Prison Commitment Terms	Rejected by Secretary of State
18-262	08/07/2017	Proposal Related to Chapters 156 and 290, RSMo, version 2 (Peterson) - Taxation of Gross State Product	Rejected by Secretary of State
18-261	08/07/2017	Proposal Related to Chapters 156 and 290, RSMo, version 1 (Peterson) - Taxation of Gross State Product	Rejected by Secretary of State
18-260	08/07/2017	Proposal Related to Chapter 156, RSMo, version 2 (Peterson) - Taxation of Gross State Product	Rejected by Secretary of State
18-259	08/07/2017	Proposal Related to Chapter 156, RSMo, version 1 (Peterson) - Taxation of Gross State Product	Rejected by Secretary of State
18-258	08/07/2017	Proposal Related to Chapters 147, 161, and 191, RSMo (Peterson) - Changes to Annual Franchise Tax	Rejected by Secretary of State
18-257	08/03/2017	Proposal Related to Chapter 208, RSMo, version 2 (Peterson) - Changes to the Missouri HealthNet Program	Rejected by Secretary of

			State
18-256	08/03/2017	Proposal Related to Chapter 208, RSMo, version 1 (Peterson) - Changes to the Missouri HealthNet Program	Rejected by Secretary of State
18-255	08/03/2017	Proposal Related to Chapters 147, 161, and 191, RSMo (Peterson) - Changes to Annual Franchise Tax	Rejected by Secretary of State
18-254	08/03/2017	Proposal Related to Chapter 147, RSMo (Peterson) - Changes to Annual Franchise Tax	Rejected by Secretary of State
18-253	07/28/2017	Proposal Related to Chapters 192, 195, 263, and 311, RSMo (Pearson) - Missouri Patient Care Act	Rejected by Secretary of State
18-252	07/25/2017	Proposal Related to Chapter 156, RSMo (Peterson) - Taxation of Gross State Product	Rejected by Secretary of state
18-251	07/25/2017	Proposal Related to Chapters 156 and 290, RSMo (Peterson) - Taxation of Gross State Product	Rejected by Secretary of State
18-250	07/18/2017	Proposal Related to Chapter 147, RSMo (Peterson) - Changes to Annual Franchise Tax	Rejected by Secretary of State
18-249	07/17/2017	**Proposed Constitutional Amendment - Article V (Reed) - Bar Exam Eligibility**	08/17/2017
18-248	07/17/2017	**Proposed Constitutional Amendment - Article IV (Reed) - Sales Tax for Technology Parks**	08/17/2017
18-247	07/17/2017	Proposed Constitutional Amendment - Article IV (Reed) - Sales Tax for Rail Passenger Service	Rejected by Secretary of State
18-246	07/17/2017	**Proposed Constitutional Amendment - Article I (Reed) - Missouri Career Centers**	08/17/2017
18-245	07/17/2017	Proposal Related to Chapter 208, RSMo (Peterson) - Changes to the Missouri HealthNet Program, version 2	Rejected by Secretary of State
18-244	07/17/2017	Proposal Related to Chapter 208, RSMo (Peterson) - Changes to the Missouri HealthNet Program, version 1	Rejected by Secretary of State

18-243	07/17/2017	Proposal Related to Chapters 147, 161, and 191, RSMo (Peterson) - Changes to Annual Franchise Tax	Rejected by Secretary of State
18-242	07/13/2017	Proposal Related to Chapter 188, RSMo (Loftis) - Right To Life	Rejected by Secretary of State
18-241	07/10/2017	Proposal Related to Chapter 130, RSMo, version 2 (Dean) - Constitutional Change to Campaign Financing	Rejected by Secretary of State
18-240	07/10/2017	Proposal Related to Chapter 130, RSMo, version 1 (Dean) - Citizens Commission Concerning a Constitutional Amendment to Secure Free and Fair Elections and Government of the People Act	Rejected by Secretary of State
18-239	06/27/2017	Proposed Constitutional Amendment - Article V (Reed) - Bar Exam Eligibility	Rejected by Secretary of State
18-238	06/27/2017	Proposed Constitutional Amendment - Article IV (Reed) - Sales Tax for Technology Parks	Rejected by Secretary of State
18-237	06/27/2017	Proposed Constitutional Amendment - Article IV (Reed) - Sales Tax for Rail Passenger Service	Rejected by Secretary of State
18-236	06/27/2017	Proposed Constitutional Amendment - Article I (Reed) - Missouri Career Centers	Rejected by Secretary of State
18-235	06/23/2017	Proposal Related to Chapter 188, RSMo (Loftis) - Right To Life	Rejected by Secretary of State
18-234	06/16/2017	Proposed Constitutional Amendment - (Peterson) - Tax on Missouri Gross State Product to Fund Education	Rejected by Secretary of State
18-233	06/12/2017	Proposed Constitutional Amendment - (Peterson) - Expanding Medical Coverage	Rejected by Secretary of State
18-232	06/08/2017	Proposed Constitutional Amendment - (Peterson) - Expanding Medical Coverage	Rejected by Secretary of State
18-231	05/26/2017	Proposed Constitutional Amendment - Article IV (Johnson) - Cannabis Treatment Amendment	Rejected by Secretary of

			State
18-230	05/25/2017	Proposed Constitutional Amendment - Article IV (Johnson) - Cannabis Treatment Amendment	Withdrawn by Petitioner
18-229	05/24/2017	Proposal Related to Chapter 115, RSMo (Johnson) - Voter Identification	Rejected by Secretary of State
18-228	05/24/2017	Proposed Constitutional Amendment - Article IV, version 2 (Johnson) - Cannabis Treatment Amendment	Withdrawn by Petitioner
18-227	05/24/2017	Proposed Constitutional Amendment - Article IV, version 1 (Johnson) - Cannabis Treatment Amendment	Rejected by Secretary of State
18-226	05/02/2017	Proposal Related to Chapter 115, RSMo (Johnson) - Voter Identification	Rejected by Secretary of State
18-225	05/02/2017	Proposed Constitutional Amendment - Article IV (Johnson) - Cannabis Treatment Amendment	Rejected by Secretary of State
18-224	05/02/2017	**Proposed Constitutional Amendment - Article III (Johnson) - Initiative Petitions**	06/01/2017
18-223	04/24/2017	**Proposed Constitutional Amendment - Article IV (Jones) - Cannabis Legalization**	05/25/2017
18-222	04/07/2017	**Proposed Constitutional Amendment - Article X (Johnson) - Voter Approval of Sales and Use Taxes and Financing of Sport Facilities**	05/05/2017
18-221	04/05/2017	**Proposed Constitutional Amendment - Article IV, version 3 (Baker) - Toll Project**	05/02/2017
18-220	04/05/2017	**Proposed Constitutional Amendment - Article IV, version 2 (Baker) - Toll Project**	05/02/2017
18-219	04/05/2017	**Proposed Constitutional Amendment - Article IV, version 1 (Baker) - Toll Project**	05/02/2017
18-218	04/04/2017	**Proposed Constitutional Amendment - Article IV (Burlison) - Cannabis Legalization**	05/02/2017
18-217	04/04/2017	Proposed Constitutional Amendment - Article IV (Johnson) - Cannabis Treatment Amendment	Rejected by Secretary of State
18-216	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 21 (Von Glahn) - Minimum Wage**	05/02/2017

18-215	03/28/2017	**Proposal Related to Chapter 290, RSMo, version 20 (Von Glahn) - Minimum Wage**	05/02/2017
18-214	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 19 (Von Glahn) - Minimum Wage**	05/02/2017
18-213	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 18 (Von Glahn) - Minimum Wage**	05/02/2017
18-212	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 17 (Von Glahn) - Minimum Wage**	05/02/2017
18-211	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 16 (Von Glahn) - Minimum Wage**	05/02/2017
18-210	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 15 (Von Glahn) - Minimum Wage**	05/02/2017
18-209	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 14 (Von Glahn) - Minimum Wage**	05/02/2017
18-208	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 13 (Von Glahn) - Minimum Wage**	05/02/2017
18-207	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 12 (Von Glahn) - Minimum Wage**	05/02/2017
18-206	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 11 (Von Glahn) - Minimum Wage**	05/02/2017
18-205	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 10 (Von Glahn) - Minimum Wage**	05/02/2017
18-204	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 9 (Von Glahn) - Minimum Wage**	05/02/2017
18-203	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 8 (Von Glahn) - Minimum Wage**	05/02/2017
18-202	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 7 (Von Glahn) - Minimum Wage**	05/02/2017
18-201	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 6 (Von Glahn) - Minimum Wage**	05/02/2017
18-200	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 5 (Von Glahn) - Minimum Wage**	05/02/2017
18-199	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 4 (Von Glahn) - Minimum Wage**	05/02/2017
18-198	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 3 (Von Glahn) - Minimum**	05/02/2017

		Wage	
18-197	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 2 (Von Glahn) - Minimum Wage**	05/02/2017
18-196	04/04/2017	**Proposal Related to Chapter 290, RSMo, version 1 (Von Glahn) - Minimum Wage**	05/02/2017
18-195	04/03/2017	**Proposed Constitutional Amendment - Article III (Apple) - House of Representatives**	05/02/2017
18-194	04/03/2017	Proposal Related to Chapter 115, RSMo (Johnson) - Voter Identification	Rejected by Secretary of State
18-193	03/31/2017	**Proposal Related to Chapter 128, RSMo (Apple) - Congressional Elections**	04/28/2017
18-192	03/31/2017	Proposal Related to Chapter 321, RSMo (Brown) - Establishing the St. Louis City Fire Protection District	Rejected by Secretary of State
18-191	03/30/2017	Proposal Related to Chapter 115, RSMo (Johnson) - Voter Identification	Withdrawn by Petitioner
18-190	03/30/2017	**Proposed Constitutional Amendment - Article I (Johnson) - Right to Grow Cannabis and Hemp**	04/28/2017
18-189	03/29/2017	**Proposed Constitutional Amendment - Article IV, version 4 (Ellinger) - Native Missouri Wildlife Conservation Amendment**	04/28/2017
18-188	03/29/2017	**Proposed Constitutional Amendment - Article IV, version 3 (Ellinger) - Native Missouri Wildlife Conservation Amendment**	04/28/2017 Withdrawn by Petitioner 01/17/18
18-187	03/29/2017	**Proposed Constitutional Amendment - Article IV, version 2 (Ellinger) - Fair Chase Amendment**	04/28/2017 Withdrawn by Petitioner 01/17/18
18-186	03/29/2017	**Proposed Constitutional Amendment - Article IV, version 1 (Ellinger) - Native Missouri Wildlife Conservation Amendment**	04/28/2017 Withdrawn by Petitioner 01/17/18
18-185	03/21/2017	**Proposed Constitutional Amendment - Article IV, version 3 (Gilio) - Cannabis Legalization**	04/20/2017
18-184	03/21/2017	**Proposed Constitutional Amendment - Article IV, version 2 (Gilio) - Cannabis Legalization**	04/20/2017

18-183	03/21/2017	**Proposed Constitutional Amendment - Article IV, version 1 (Gilio) - Cannabis Legalization**	04/20/2017
18-182	03/20/2017	Proposed Constitutional Amendment - Article IV (Burlison) - Cannabis Legalization	Rejected by Secretary of State
18-181	03/15/2017	Proposal Related to Chapter 115, RSMo (Johnson) - Voter Identification	Rejected by Secretary of State
18-180	03/15/2017	Proposed Constitutional Amendment - Article I (Johnson) - Right to Grow Cannabis and Hemp	Rejected by Secretary of State
18-179	03/15/2017	**Proposed Constitutional Amendment - Article IV (Jones) - Cannabis Legalization**	04/13/2017
18-178	03/14/2017	Proposal Related to Chapter 115, RSMo (Johnson) - Voter Identification	Withdrawn by Petitioner
18-177	03/14/2017	Proposed Constitutional Amendment - Article X, version 4 (Johnson) - Voter Approval of Sales and Use Taxes and Financing of Sport Facilities	Rejected by Secretary of State
18-176	03/14/2017	Proposed Constitutional Amendment - Article X, version 3 (Johnson) - Voter Approval of Sales and Use Taxes and Financing of Sport Facilities	Rejected by Secretary of State
18-175	03/14/2017	Proposed Constitutional Amendment - Article X, version 2 (Johnson) - Voter Approval of Sales and Use Taxes and Financing of Sport Facilities	Rejected by Secretary of State
18-174	03/14/2017	Proposed Constitutional Amendment - Article X, version 1 (Johnson) - Voter Approval of Sales and Use Taxes and Financing of Sport Facilities	Rejected by Secretary of State
18-173	03/14/2017	Proposed Constitutional Amendment - Article IV, version 2 (Johnson) - Cannabis Treatment Amendment	Rejected by Secretary of State
18-172	03/14/2017	**Proposed Constitutional Amendment - Article IV, version 1 (Johnson) - Cannabis Treatment Amendment**	04/13/2017
18-171	03/14/2017	Proposed Constitutional Amendment - Article I (Johnson) - Right to Grow Cannabis and Hemp	Withdrawn by Petitioner
18-170	03/13/2017	Proposal Related to Chapter 321, RSMo (Brown) - Qualifications of Fire Directors	Rejected by Secretary of State

18-169	03/07/2017	Proposal Related to Chapter 320, RSMo (Brown) - Fire Protection Districts	Rejected by Secretary of State
18-168	02/23/2017	Proposed Constitutional Amendment - Article III (Apple) - House of Representatives	Rejected by Secretary of State
18-167	02/23/2017	Proposed Constitutional Amendment - Article I, version 2 (Apple) - Campaign Contributions by Artificial Entities	Rejected by Secretary of State
18-166	02/23/2017	Proposed Constitutional Amendment - Article I, version 1 (Apple) - Campaign Contributions by Artificial Entities	Rejected by Secretary of State
18-165	02/23/2017	Proposal Related to Chapter 128, RSMo, Sections 346 and 348 (Apple) - Congressional Elections	Rejected by Secretary of State
18-164	02/23/2017	**Proposal Related to Chapter 128, RSMo, Section 005 (Apple) - Interstate Compact on the Agreement Among the States to Elect the President by National Popular Vote Act**	03/24/2017
18-163	02/15/2017	Proposed Constitutional Amendment - Article IV (Burlison) - Cannabis Legalization	Rejected by Secretary of State
18-162	02/15/2017	**Proposed Constitutional Amendment - Article III (Apple) - Altering, Amending, or Repealing Enacted Initiative Petitions**	03/17/2017
18-161	02/10/2017	Proposal Related to Chapter 191, RSMo, (Meyer) - Missouri Death with Dignity Act	Rejected by Secretary of State
18-160	02/06/2017	**Proposal Related to Chapters 130 and 143, RSMo (Apple) - Public Financing for Elections**	03/09/2017
18-159	02/06/2017	**Proposal Related to Chapters 286 and 143, RSMo, version 2 (Apple) - The Renewable Energy Project**	03/09/2017
18-158	02/06/2017	**Proposal Related to Chapters 286 and 143, RSMo, version 1 (Apple) - The Renewable Energy Project**	03/09/2017
18-157	02/06/2017	Proposed Constitutional Amendment - Article IV (Jones) - Cannabis Legalization	Rejected by Secretary of State
18-156	02/01/2017	Proposal Related to Chapter 128, RSMo, Section 005 (Apple) - Interstate Compact on the Agreement Among the States to Elect the President by	Rejected by Secretary of

		National Popular Vote Act	State
18-155	02/01/2017	Proposed Constitutional Amendment - Article I, version 3 (Apple) - Campaign Contributions by Artificial Entities	Rejected by Secretary of State
18-154	02/01/2017	Proposed Constitutional Amendment - Article I, version 2 (Apple) - Campaign Contributions by Artificial Entities	Rejected by Secretary of State
18-153	02/01/2017	Proposed Constitutional Amendment - Article I, version 1 (Apple) - Campaign Contributions by Artificial Entities	Rejected by Secretary of State
18-152	02/01/2017	**Proposed Constitutional Amendment - Article III (Apple) - Locally Established Minimum Wage**	03/03/2017
18-151	02/01/2017	**Proposed Constitutional Amendment - Article III, version 2 (Apple) - House of Representatives**	03/03/2017
18-150	02/01/2017	**Proposal Related to Chapter 192, RSMo (Apple) - The Missouri Health Insurance Cooperative**	03/03/2017
18-149	02/01/2017	**Proposed Constitutional Amendment - Article VIII (Apple) - Election of Statewide Office Holders**	03/03/2017
18-148	02/01/2017	Proposal Related to Chapter 128, RSMo (Apple) - Congressional Elections	Rejected by Secretary of State
18-147	02/01/2017	Proposal Related to Chapters 130 and 143, RSMo (Apple) - Public Financing for Elections	Withdrawn by Petitioner
18-146	02/01/2017	Proposal Related to Chapters 286 and 143, RSMo, version 2 (Apple) - The Renewable Energy Project	Withdrawn by Petitioner
18-145	02/01/2017	Proposal Related to Chapters 286 and 143, RSMo, version 1 (Apple) - The Renewable Energy Project	Withdrawn by Petitioner
18-144	02/01/2017	Proposed Constitutional Amendment - Article III, version 1 - (Apple) - House of Representatives	Rejected by Secretary of State
18-143	01/27/2017	Proposed Constitutional Amendment - Article I (Johnson) - Right to Grow Cannabis and Hemp	Rejected by Secretary of State
18-142	01/26/2017	Proposed Constitutional Amendment - Article IV (Johnson) - Cannabis	Rejected by Secretary of State

18-141	01/25/2017	**Proposed Constitutional Amendment - Article IV, version 5 (Ellinger) - Fair Chase Amendment**	02/27/2017 Withdrawn by Petitioner 01/17/18
18-140	01/25/2017	**Proposed Constitutional Amendment - Article IV, version 4 (Ellinger) - Fair Chase Amendment**	02/27/2017 Withdrawn by Petitioner 01/17/18
18-139	01/25/2017	**Proposed Constitutional Amendment - Article IV, version 3 (Ellinger) - Fair Chase Amendment**	02/27/2017 Withdrawn by Petitioner 01/17/18
18-138	01/25/2017	**Proposed Constitutional Amendment - Article IV, version 2 (Ellinger) - Fair Chase Amendment**	02/27/2017 Withdrawn by Petitioner 01/17/18
18-137	01/25/2017	**Proposed Constitutional Amendment - Article IV, version 1 (Ellinger) - Fair Chase Amendment**	02/27/2017 Withdrawn by Petitioner 01/17/18
18-136	01/25/2017	Proposed Constitutional Amendment - Article IV (Burlison) - Cannabis Legalization	Rejected by Secretary of State
18-135	01/24/2017	**Proposed Constitutional Amendment - Article IV, version 3 (Gilio) - Cannabis Legalization**	02/27/2017
18-134	01/24/2017	**Proposed Constitutional Amendment - Article IV, version 2 (Gilio) - Cannabis Legalization**	02/27/2017
18-133	01/24/2017	**Proposed Constitutional Amendment - Article IV, version 1 (Gilio) - Cannabis Legalization**	02/27/2017
18-132	01/24/2017	**Proposed Constitutional Amendment - Article IV, version 5 (Gilio) - Cannabis Legalization**	02/27/2017
18-131	01/24/2017	**Proposed Constitutional Amendment - Article IV, version 4 (Gilio) - Cannabis Legalization**	02/27/2017
18-130	01/24/2017	**Proposed Constitutional Amendment - Article IV, version 3 (Gilio) - Cannabis Legalization**	02/27/2017
18-129	01/24/2017	**Proposed Constitutional Amendment - Article IV, version 2 (Gilio) - Cannabis Legalization**	02/27/2017

18-128	01/24/2017	**Proposed Constitutional Amendment - Article IV, version 1 (Gilio) - Cannabis Legalization**	02/27/2017
18-127	01/23/2017	Proposal Related to Chapter 191, RSMo, (Meyer) - Missouri Death with Dignity Act	Rejected by Secretary of State
18-126	01/18/2017	Proposed Constitutional Amendment - Article IV (Jones) - Cannabis Legalization	Rejected by Secretary of State
18-125	01/11/2017	Proposed Constitutional Amendment - Article I (Johnson) - Right to Grow Cannabis and Hemp	Rejected by Secretary of State
18-124	01/11/2017	**Proposed Constitutional Amendment - Article X (Johnson) - Financing Sport Facilities**	02/10/2017
18-123	01/10/2017	Proposed Constitutional Amendment - Article I (Boyd) - Compensation for Services	Rejected by Secretary of State
18-122	01/10/2017	Proposed Constitutional Amendment - Article X (Johnson) - Financing Sport Facilities	Withdrawn by Petitioner
18-121	01/10/2017	Proposed Constitutional Amendment - Article I (Johnson) - Right to Grow Cannabis and Hemp	Withdrawn by Petitioner
18-120	01/06/2017	Proposal Related to Chapter 191, RSMo, (Meyer) - Missouri Death with Dignity Act	Rejected by Secretary of State
18-119	01/03/2017	Proposal Related to Chapter 191, RSMo, (Meyer) - Missouri Death with Dignity Act	Rejected by Secretary of State
18-118	01/03/2017	Proposed Constitutional Amendment - Article IV (Johnson) - Cannabis	Rejected by Secretary of State
18-117	01/03/2017	Proposed Constitutional Amendment - Article IV (Jones) - Missouri Legalization and Regulation of Cannabis and Cannabis Hemp Initiative	Rejected by Secretary of State
18-116	12/30/2016	Proposal Related to Chapter 191, RSMo, (Meyer) - Missouri Death with Dignity Act	Rejected by Secretary of State
18-115	12/23/2016	**Proposed Constitutional Amendment - Article IV (Johnson) - Johnson Amendment II**	01/23/2017

18-114	12/21/2016	**Proposed Constitutional Amendment - Article VIII (Johnson) - Non-Partisan Candidates**	01/23/2017
18-113	12/21/2016	Proposed Constitutional Amendment - Article X (Johnson) - Financing Sport Facilities	Rejected by Secretary of State
18-112	12/21/2016	Proposed Constitutional Amendment - Article I (Johnson) - Right to Grow Cannabis and Hemp	Rejected by Secretary of State
18-111	12/21/2016	Proposed Constitutional Amendment - Article IV, version 2 (Johnson) - Cannabis Treatment Amendment	Rejected by Secretary of State
18-110	12/21/2016	**Proposed Constitutional Amendment - Article IV, version 1 (Johnson) - Cannabis Legalization Amendment**	01/23/2017
18-109	12/21/2016	**Proposed Constitutional Amendment - Article VIII (Johnson) - Non-Partisan Candidates**	01/23/2017
18-108	12/21/2016	Proposed Constitutional Amendment - Article X (Johnson) - Financing Sport Facilities	Rejected by Secretary of State
18-107	12/21/2016	Proposed Constitutional Amendment - Article I (Johnson) - Right to Grow Cannabis and Hemp	Rejected by Secretary of State
18-106	12/21/2016	Proposed Constitutional Amendment - Article IV, version 1 (Johnson) - Cannabis Treatment Amendment	Withdrawn by Petitioner
18-105	12/21/2016	Proposed Constitutional Amendment - Article IV, version 1 (Johnson) - Cannabis Legalization Amendment	Withdrawn by Petitioner
18-104	12/19/2016	Proposal Related to Chapter 191, RSMo, (Meyer) - Missouri Death with Dignity Act	Rejected by Secretary of State
18-103	12/14/2016	**Proposal Related to Chapters 84 and 105, RSMo, (Ellinger) - Local Control of Police**	01/13/2017
18-102	12/13/2016	**Proposed Constitutional Amendment - Article I, version 10 (Louis) - Collective Bargaining**	01/09/2017
18-101	12/13/2016	**Proposed Constitutional Amendment - Article I, version 9 (Louis) - Collective Bargaining**	01/09/2017
18-100	12/12/2016	Proposed Constitutional Amendment - Article X (Johnson) - Financing Sport Facilities	Rejected by Secretary of State

18-099	12/12/2016	**Proposed Constitutional Amendment - Article I, version 8 (Louis) - Collective Bargaining**	01/09/2017
18-098	12/12/2016	**Proposed Constitutional Amendment - Article I, version 7 (Louis) - Collective Bargaining**	01/09/2017
18-097	12/12/2016	**Proposed Constitutional Amendment - Article I, version 6 (Louis) - Collective Bargaining**	01/09/2017
18-096	12/12/2016	**Proposed Constitutional Amendment - Article I, version 5 (Louis) - Collective Bargaining**	01/09/2017
18-095	12/12/2016	**Proposed Constitutional Amendment - Article I, version 4 (Louis) - Collective Bargaining**	01/09/2017
18-094	12/12/2016	**Proposed Constitutional Amendment - Article I, version 3 (Louis) - Collective Bargaining**	01/09/2017
18-093	12/12/2016	**Proposed Constitutional Amendment - Article I, version 2 (Louis) - Collective Bargaining**	01/09/2017
18-092	12/12/2016	**Proposed Constitutional Amendment - Article I, version 1 (Louis) - Collective Bargaining**	01/09/2017
18-091	12/09/2016	**Proposed Constitutional Amendment - Article IV, version 2 (Gilio) - Cannabis Decriminalization**	01/06/2017
18-090	12/09/2016	**Proposed Constitutional Amendment - Article IV, version 1 (Gilio) - Cannabis Decriminalization**	01/06/2017
18-089	12/09/2016	Proposal Related to Chapters 84 and 105, RSMo, (Ellinger) - Local Control of Police	Withdrawn by Petitioner
18-088	12/07/2016	Proposed Constitutional Amendment - Article IV, version 3 (Johnson) - Cannabis Decriminalization	Rejected by Secretary of State
18-087	12/07/2016	Proposed Constitutional Amendment - Article IV, version 2 (Johnson) - Cannabis Decriminalization	Rejected by Secretary of State
18-086	12/07/2016	Proposed Constitutional Amendment - Article IV, version 1 (Johnson) - Cannabis Decriminalization	Rejected by Secretary of State
18-085	12/07/2016	Proposed Constitutional Amendment - Article X (Johnson) - Financing Sport Facilities	Withdrawn by Petitioner
18-084	12/06/2016	**Proposal Related to Chapter 290, RSMo, version 12 (Von Glahn) - Minimum Wage**	01/03/2017
18-083	12/06/2016	**Proposal Related to Chapter 290, RSMo, version 11 (Von Glahn) -**	01/03/2017

		Minimum Wage	
18-082	12/06/2016	**Proposal Related to Chapter 290, RSMo, version 10 (Von Glahn) - Minimum Wage**	01/03/2017
18-081	12/06/2016	**Proposal Related to Chapter 290, RSMo, version 9 (Von Glahn) - Minimum Wage**	01/03/2017
18-080	12/06/2016	**Proposal Related to Chapter 290, RSMo, version 8 (Von Glahn) - Minimum Wage**	01/03/2017
18-079	12/06/2016	**Proposal Related to Chapter 290, RSMo, version 7 (Von Glahn) - Minimum Wage**	01/03/2017
18-078	12/06/2016	**Proposal Related to Chapter 290, RSMo, version 6 (Von Glahn) - Minimum Wage**	01/03/2017
18-077	12/06/2016	**Proposal Related to Chapter 290, RSMo, version 5 (Von Glahn) - Minimum Wage**	01/03/2017
18-076	12/06/2016	**Proposal Related to Chapter 290, RSMo, version 4 (Von Glahn) - Minimum Wage**	01/03/2017
18-075	12/06/2016	**Proposal Related to Chapter 290, RSMo, version 3 (Von Glahn) - Minimum Wage**	01/03/2017
18-074	12/06/2016	**Proposal Related to Chapter 290, RSMo, version 2 (Von Glahn) - Minimum Wage**	01/03/2017
18-073	12/06/2016	**Proposal Related to Chapter 290, RSMo, version 1 (Von Glahn) - Minimum Wage**	01/03/2017
18-072	12/05/2016	**Proposed Constitutional Amendment - Article IV, version 5 (Ellinger) - Fair Chase Amendment**	01/03/2017
18-071	12/05/2016	**Proposed Constitutional Amendment - Article IV, version 4 (Ellinger) - Fair Chase Amendment**	01/03/2017 Withdrawn by Petitioner 01/17/18
18-070	12/05/2016	**Proposed Constitutional Amendment - Article IV, version 3 (Ellinger) - Fair Chase Amendment**	01/03/2017 Withdrawn by Petitioner 01/17/18
18-069	12/05/2016	**Proposed Constitutional Amendment - Article IV, version 2 (Ellinger) - Fair Chase Amendment**	01/03/2017 Withdrawn by Petitioner 01/17/18
18-068	12/05/2016	**Proposed Constitutional Amendment - Article IV, version 1 (Ellinger) - Fair**	01/03/2017

		Chase Amendment	Withdrawn by Petitioner 01/17/18
18-067	12/05/2016	Proposed Constitutional Amendment - Article I (Boyd) - Compensation for Services	Rejected by Secretary of State
18-066	12/01/2016	Proposed Constitutional Amendment - Article IV (Jones) - Cannabis Legalization	Rejected by Secretary of State
18-065	12/01/2016	Proposed Constitutional Amendment - Article IV, version 3 (Johnson) - Cannabis Decriminalization	Rejected by Secretary of State
18-064	12/01/2016	Proposed Constitutional Amendment - Article IV, version 2 (Johnson) - Cannabis Decriminalization	Rejected by Secretary of State
18-063	12/01/2016	Proposed Constitutional Amendment - Article IV, version 1 (Johnson) - Cannabis Decriminalization	Rejected by Secretary of State
18-062	12/01/2016	**Proposed Constitutional Amendment - Article VIII (Waggoner) - Absentee Voting**	01/03/2017
18-061	12/01/2016	**Proposed Constitutional Amendment - Article I (Waggoner) - Discrimination In Employment**	01/03/2017
18-060	12/01/2016	Proposed Constitutional Amendment - Article IV (Johnson) - Cannabis Decriminalization	Rejected by Secretary of State
18-059	11/30/2016	Proposed Constitutional Amendment - Article VIII (Johnson) - Non-Partisan Candidates	Rejected by Secretary of State
18-058	11/30/2016	Proposed Constitutional Amendment - Article I (Johnson) - Right to Grow Cannabis and Hemp	Rejected by Secretary of State
18-057	11/30/2016	Proposed Constitutional Amendment - Article IV, version 2 (Johnson) - Cannabis Decriminalization	Rejected by Secretary of State
18-056	11/30/2016	Proposed Constitutional Amendment - Article IV, version 1 (Johnson) - Cannabis Decriminalization	Rejected by Secretary of State

18-055	11/30/2016	Proposed Constitutional Amendment - Article IV (Johnson) - Cannabis Decriminalization	Rejected by Secretary of State
18-054	11/29/2016	**Proposed Constitutional Amendment - Article XVI, version 4 (Dundon) - Medical Marijuana**	12/29/2016
18-053	11/29/2016	**Proposed Constitutional Amendment - Article XVI, version 3 (Dundon) - Medical Marijuana**	12/29/2016
18-052	11/29/2016	**Proposed Constitutional Amendment - Article XVI, version 2 (Dundon) - Medical Marijuana**	12/29/2016
18-051	11/29/2016	**Proposed Constitutional Amendment - Article XVI, version 1 (Dundon) - Medical Marijuana**	12/29/2016
18-050	11/28/2016	Proposed Constitutional Amendment - Article IV (Gilio) - Cannabis Decriminalization	Rejected by Secretary of State
18-049	11/23/2016	**Proposed Constitutional Amendment - Article III, version 8 (Nicholson) - Campaign Finance, Ethics, and Legislative Reform**	12/23/2016
18-048	11/23/2016	**Proposed Constitutional Amendment - Article III, version 7 (Nicholson) - Campaign Finance, Ethics, and Legislative Reform**	12/23/2016
18-047	11/23/2016	**Proposed Constitutional Amendment - Article III, version 6 (Nicholson) - Campaign Finance, Ethics, and Legislative Reform**	12/23/2016
18-046	11/23/2016	**Proposed Constitutional Amendment - Article III, version 5 (Nicholson) - Campaign Finance, Ethics, and Legislative Reform**	12/23/2016
18-045	11/23/2016	**Proposed Constitutional Amendment - Article III, version 4 (Nicholson) - Campaign Finance, Ethics, and Legislative Reform**	12/23/2016
18-044	11/23/2016	**Proposed Constitutional Amendment - Article III, version 3 (Nicholson) - Campaign Finance, Ethics, and Legislative Reform**	12/23/2016
18-043	11/23/2016	**Proposed Constitutional Amendment - Article III, version 2 (Nicholson) - Campaign Finance, Ethics, and Legislative Reform**	12/23/2016
18-042	11/23/2016	**Proposed Constitutional Amendment - Article III, version 1 (Nicholson) - Campaign Finance, Ethics, and Legislative Reform**	12/23/2016
18-041	11/22/2016	**Proposed Constitutional Amendment - Article XIV (Bradshaw) - Medical Marijuana**	12/23/2016
18-040	11/21/2016	**Proposed Constitutional Amendment - Article XVI (Dundon) - Medical Marijuana**	12/23/2016
18-039	11/17/2016	**Proposal Related to Chapter 285, RSMo, version 12 (Von Glahn) - Employee Sick Time**	12/19/2016

18-038	11/17/2016	**Proposal Related to Chapter 285, RSMo, version 11 (Von Glahn) - Employee Sick Time**	12/19/2016
18-037	11/17/2016	**Proposal Related to Chapter 285, RSMo, version 10 (Von Glahn) - Employee Sick Time**	12/19/2016
18-036	11/17/2016	**Proposal Related to Chapter 285, RSMo, version 9 (Von Glahn) - Employee Sick Time**	12/19/2016
18-035	11/17/2016	**Proposal Related to Chapter 285, RSMo, version 8 (Von Glahn) - Employee Sick Time**	12/19/2016
18-034	11/17/2016	**Proposal Related to Chapter 285, RSMo, version 7 (Von Glahn) - Employee Sick Time**	12/19/2016
18-033	11/17/2016	**Proposal Related to Chapter 285, RSMo, version 6 (Von Glahn) - Employee Sick Time**	12/19/2016
18-032	11/17/2016	**Proposal Related to Chapter 285, RSMo, version 5 (Von Glahn) - Employee Sick Time**	12/19/2016
18-031	11/17/2016	**Proposal Related to Chapter 285, RSMo, version 4 (Von Glahn) - Employee Sick Time**	12/19/2016
18-030	11/17/2016	**Proposal Related to Chapter 285, RSMo, version 3 (Von Glahn) - Employee Sick Time**	12/19/2016
18-029	11/17/2016	**Proposal Related to Chapter 285, RSMo, version 2 (Von Glahn) - Employee Sick Time**	12/19/2016
18-028	11/17/2016	**Proposal Related to Chapter 285, RSMo, version 1 (Von Glahn) - Employee Sick Time**	12/19/2016
18-027	11/15/2016	Proposal Related to Chapter 290, RSMo, version 12 (Von Glahn) - Minimum Wage	Rejected by Secretary of State
18-026	11/15/2016	Proposal Related to Chapter 290, RSMo, version 11 (Von Glahn) - Minimum Wage	Rejected by Secretary of State
18-025	11/15/2016	Proposal Related to Chapter 290, RSMo, version 10 (Von Glahn) - Minimum Wage	Rejected by Secretary of State
18-024	11/15/2016	Proposal Related to Chapter 290, RSMo, version 9 (Von Glahn) - Minimum Wage	Rejected by Secretary of State
18-023	11/15/2016	Proposal Related to Chapter 290, RSMo, version 8 (Von Glahn) - Minimum Wage	Rejected by Secretary of

			State
18-022	11/15/2016	Proposal Related to Chapter 290, RSMo, version 7 (Von Glahn) - Minimum Wage	Rejected by Secretary of State
18-021	11/15/2016	Proposal Related to Chapter 290, RSMo, version 6 (Von Glahn) - Minimum Wage	Rejected by Secretary of State
18-020	11/15/2016	Proposal Related to Chapter 290, RSMo, version 5 (Von Glahn) - Minimum Wage	Rejected by Secretary of State
18-019	11/15/2016	Proposal Related to Chapter 290, RSMo, version 4 (Von Glahn) - Minimum Wage	Rejected by Secretary of State
18-018	11/15/2016	Proposal Related to Chapter 290, RSMo, version 3 (Von Glahn) - Minimum Wage	Rejected by Secretary of State
18-017	11/15/2016	Proposal Related to Chapter 290, RSMo, version 2 (Von Glahn) - Minimum Wage	Rejected by Secretary of State
18-016	11/15/2016	Proposal Related to Chapter 290, RSMo, version 1 (Von Glahn) - Minimum Wage	Rejected by Secretary of State
18-015	11/14/2016	**Proposed Constitutional Amendment - Article III, version 8 (Nicholson) - Campaign Finance, Ethics, and Legislative Reform**	12/15/2016
18-014	11/14/2016	**Proposed Constitutional Amendment - Article III, version 7 (Nicholson) - Campaign Finance, Ethics, and Legislative Reform**	12/15/2016
18-013	11/14/2016	**Proposed Constitutional Amendment - Article III, version 6 (Nicholson) - Campaign Finance, Ethics, and Legislative Reform**	12/15/2016
18-012	11/14/2016	**Proposed Constitutional Amendment - Article III, version 5 (Nicholson) - Campaign Finance, Ethics, and Legislative Reform**	12/15/2016
18-011	11/14/2016	**Proposed Constitutional Amendment - Article III, version 4 (Nicholson) - Campaign Finance, Ethics, and Legislative Reform**	12/15/2016
18-010	11/14/2016	**Proposed Constitutional Amendment - Article III, version 3 (Nicholson) - Campaign Finance, Ethics, and Legislative Reform**	12/15/2016
18-009	11/14/2016	**Proposed Constitutional Amendment - Article III, version 2 (Nicholson) - Campaign Finance, Ethics, and Legislative Reform**	12/15/2016

18-008	11/14/2016	**Proposed Constitutional Amendment - Article III, version 1 (Nicholson) - Campaign Finance, Ethics, and Legislative Reform**	12/15/2016
18-007	11/10/2016	Proposed Constitutional Amendment - Article IV, version 2 (Johnson) - Cannabis Decriminalization	Rejected by Secretary of State
18-006	11/10/2016	Proposed Constitutional Amendment - Article XVI (Dundon) - Medical Marijuana	Withdrawn by Petitioner
18-005	11/10/2016	Proposed Constitutional Amendment - Article IV, version 1 (Johnson) - Cannabis Decriminalization	Rejected by Secretary of State
18-004	11/10/2016	Proposed Constitutional Amendment - Article I (Johnson) - Right to Grow Cannabis and Hemp	Rejected by Secretary of State
18-003	11/10/2016	Proposed Constitutional Amendment - Article VIII (Johnson) - Non-Partisan Candidates	Rejected by Secretary of State
18-002	11/09/2016	Proposed Constitutional Amendment - Article IV (Jones) - Cannabis Legalization	Rejected by Secretary of State
18-001	11/09/2016	Proposed Constitutional Amendment - Article XIV (Bradshaw) - Medical Marijuana	Rejected by Secretary of State

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
FEB 22 2017
STATE AUDITORS OFFICE

February 22, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mike Louis regarding a proposed referendum petition for Senate Substitute 2 for Senate Bill 19 (2018-R002)

Dear Auditor Galloway:

Enclosed please find a referendum petition sample sheet for Senate Substitute 2 for Senate Bill 19 filed by Mike Louis on February 21, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any referendum petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

PETITION FOR REFERENDUM

To the Honorable John P. (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that Senate Substitute Number 2 for Senate Bill No. 19, entitled "An Act To amend chapter 290, RSMo, by adding thereto one new section relating to labor organizations, with penalty provisions," passed by the 99th general assembly of the state of Missouri, at the first regular session of the 99th general assembly, shall be referred to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, unless the general assembly shall designate another date, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

RECEIVED
FEB 21 2017
MO. SECRETARY OF STATE

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

FIRST REGULAR SESSION

[TRULY AGREED TO AND FINALLY PASSED]

SENATE SUBSTITUTE NO. 2 FOR

SENATE BILL NO. 19

99TH GENERAL ASSEMBLY

2017

0269S.05T

AN ACT

To amend chapter 290, RSMo, by adding thereto one new section relating to labor organizations, with penalty provisions.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 290, RSMo, is amended by adding thereto one new section, to be known as section 290.590, to read as follows:

290.590. 1. As used in this section, the following terms shall mean:

(1) "Employer", any individual, organization, partnership, state agency, political subdivision, corporation, or other legal entity which employs or has employed one or more individuals performing services for the entity within this state; and

(2) "Labor organization", any organization of any kind or agency, or employee representation committee or union which exists for the purpose in whole or in part of dealing with employers concerning wages, rates of pay, hours of work, other conditions of employment, or other forms of compensation.

2. No person shall be required as a condition or continuation of employment to:

(1) Become, remain, or refrain from becoming a member of a labor organization;

(2) Pay any dues, fees, assessments, or other similar charges however denominated of any kind or amount to a labor organization; or

(3) In lieu of the payments listed under subdivision (2) of this subsection, pay to any charity or other third party any amount equivalent to, or on a pro rata basis, any dues, fees, assessments, or other charges required of members of a labor organization.

3. Any agreement, understanding, or practice, written or oral, implied or expressed, between any labor organization and employer

that violates the rights of employees as guaranteed under this section is unlawful, null and void, and of no legal effect.

4. Any person who violates or directs another to violate any provision of this section shall be guilty of a class C misdemeanor.

5. (1) Any person injured as a result of any violation or threatened violation of this section shall be entitled to injunctive relief against any and all violators or persons threatening violations.

(2) Any person injured as a result of any violation or threatened violation of this section may recover any and all damages of any character resulting from such violation or threatened violation including costs and reasonable attorney fees. Such remedies shall be independent of and in addition to the other penalties and remedies prescribed under this section.

6. The prosecuting attorney or circuit attorney with jurisdiction over the location where a violation or threatened violation of this section occurs or the attorney general of this state shall investigate complaints of violation or threatened violation of this section, prosecute any person violating this section, and use all means at their command to ensure the effective enforcement of this section.

7. This section shall not apply:

(1) To employers and employees covered by the federal Railway Labor Act;

(2) To federal employers and employees;

(3) To employers and employees on exclusive federal enclaves;

(4) Where this section conflicts with or is preempted by federal law; or

(5) To any agreement between an employer and a labor organization entered into before the effective date of this section but shall apply to any such agreement upon its renewal, extension, amendment, or modification in any respect after the effective date of this section.

✓

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-R002)

Subject

Referendum petition from Mike Louis regarding Senate Substitute 2 for Senate Bill 19 (Received February 22, 2017)

Date

March 14, 2017

Description

Voters will approve or reject this statutory change.

The referendum is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated the proposed referendum could result in increased litigation. They assume it could absorb costs associated with the increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they are deferring to the Office of Administration for this request.

This petition refers to legislation that was passed this session, SB 19. Their response to Oversight on the fiscal note for SB 19, 0269-05, was that they were deferring to OA. See Oversight's wording in the actual fiscal note for SB 19. They believe their response for this referendum petition 18-R002 would be the same…defer to OA.

Officials from the **Department of Higher Education** indicated this referendum petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated they defer to the Office of Administration, Division of Personnel to calculate the fiscal impact of the proposed legislation.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this referendum petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated they defer to the Office of Administration Personnel.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to OA for response to this fiscal note request.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated:

The referendum petition would put the provisions of SB 19 to a vote of the people in the November 2018 general election.

This proposal should have no impact on their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this petition will not have any substantial impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there is no quantifiable information to submit regarding estimated costs or savings to report from their county for the referendum petition. They also attached the fiscal note that was prepared for Senate Substitute #2 for SB 19 that was completed by the Committee on Legislative Research Oversight Division and notes the same. Costs of $0 for fiscal year 2018, fiscal year 2019, and fiscal year 2020.

Officials from the **City of Kansas City** indicated this referendum petition will have no fiscal impact on their city.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined that they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact from this petition.

Officials from **Missouri State University** indicated in response to this petition, no fiscal impact to their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local government entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
FEB 07 2017
STATE AUDITORS OFFICE

February 7, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mike Louis regarding a proposed referendum petition for Senate Substitute 2 for Senate Bill 19 (2018-R001)

Dear Auditor Galloway:

Enclosed please find a referendum petition sample sheet for Senate Substitute 2 for Senate Bill 19 filed by Mike Louis on February 6, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any referendum petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

PETITION FOR REFERENDUM

To the Honorable John P. (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that Senate Substitute Number 2 for Senate Bill No. 19, entitled "An Act To amend chapter 290, RSMo, by adding thereto one new section relating to labor organizations, with penalty provisions," passed by the 99th general assembly of the state of Missouri, at the first regular session of the 99th general assembly, shall be referred to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, unless the general assembly shall designate another date, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

RECEIVED
FEB 06 2017
MO. SECRETARY OF STATE

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

FIRST REGULAR SESSION

[TRULY AGREED TO AND FINALLY PASSED]

SENATE SUBSTITUTE NO. 2 FOR

SENATE BILL NO. 19

99TH GENERAL ASSEMBLY

2017

0269S.05T

AN ACT

To amend chapter 290, RSMo, by adding thereto one new section relating to labor organizations, with penalty provisions.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 290, RSMo, is amended by adding thereto one new section, to be known as section 290.590, to read as follows:

290.590. 1. As used in this section, the following terms shall mean:

(1) "Employer", any individual, organization, partnership, state agency, political subdivision, corporation, or other legal entity which employs or has employed one or more individuals performing services for the entity within this state; and

(2) "Labor organization", any organization of any kind or agency, or employee representation committee or union which exists for the purpose in whole or in part of dealing with employers concerning wages, rates of pay, hours of work, other conditions of employment, or other forms of compensation.

2. No person shall be required as a condition or continuation of employment to:

(1) Become, remain, or refrain from becoming a member of a labor organization;

(2) Pay any dues, fees, assessments, or other similar charges however denominated of any kind or amount to a labor organization; or

(3) In lieu of the payments listed under subdivision (2) of this subsection, pay to any charity or other third party any amount equivalent to, or on a pro rata basis, any dues, fees, assessments, or other charges required of members of a labor organization.

3. Any agreement, understanding, or practice, written or oral, implied or expressed, between any labor organization and employer

that violates the rights of employees as guaranteed under this section is unlawful, null and void, and of no legal effect.

4. Any person who violates or directs another to violate any provision of this section shall be guilty of a class C misdemeanor.

5. (1) Any person injured as a result of any violation or threatened violation of this section shall be entitled to injunctive relief against any and all violators or persons threatening violations.

(2) Any person injured as a result of any violation or threatened violation of this section may recover any and all damages of any character resulting from such violation or threatened violation including costs and reasonable attorney fees. Such remedies shall be independent of and in addition to the other penalties and remedies prescribed under this section.

6. The prosecuting attorney or circuit attorney with jurisdiction over the location where a violation or threatened violation of this section occurs or the attorney general of this state shall investigate complaints of violation or threatened violation of this section, prosecute any person violating this section, and use all means at their command to ensure the effective enforcement of this section.

7. This section shall not apply:

(1) To employers and employees covered by the federal Railway Labor Act;

(2) To federal employers and employees;

(3) To employers and employees on exclusive federal enclaves;

(4) Where this section conflicts with or is preempted by federal law; or

(5) To any agreement between an employer and a labor organization entered into before the effective date of this section but shall apply to any such agreement upon its renewal, extension, amendment, or modification in any respect after the effective date of this section.

✓

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 1, 2018

RECEIVED
JUN 1 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Fiscal Note and Fiscal Note Summary Request for House Joint Resolution No. 59

Dear Ms. Galloway:

Enclosed please find a copy of House Joint Resolution No. 59 that was received by our office.

We are referring the enclosed joint resolution to you for the purposes of preparing a fiscal note and fiscal note summary in accordance with Sections 116.160.1, 116.170 and 116.175, RSMo. As you are aware, the fiscal note and fiscal note summary are required to be forwarded by you to our office within thirty days of receipt of the joint resolution, pursuant to Section 116.170, RSMo.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft
Secretary of State

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
MAY 30 2018
SECRETARY OF STATE
CAPITOL OFFICE

SECOND REGULAR SESSION

[TRULY AGREED TO AND FINALLY PASSED]

HOUSE JOINT RESOLUTION NO. 59

99TH GENERAL ASSEMBLY

5115H.01T 2018

JOINT RESOLUTION

Submitting to the qualified voters of Missouri an amendment repealing section 39(a) of article III of the Constitution of Missouri, and adopting one new section in lieu thereof relating to bingo.

Be it resolved by the House of Representatives, the Senate concurring therein:

That at the next general election to be held in the state of Missouri, on Tuesday next following the first Monday in November, 2018, or at a special election to be called by the governor for that purpose, there is hereby submitted to the qualified voters of this state, for adoption or rejection, the following amendment to article III of the Constitution of the state of Missouri:

Section A. Section 39(a), article III, Constitution of Missouri, is repealed and one new section adopted in lieu thereof, to be known as section 39(a), to read as follows:

Section 39(a). The game commonly known as bingo when conducted by religious, charitable, fraternal, veteran or service organizations is not a lottery or gift enterprise within the meaning of subdivision (9) of section 39 of this article if the general assembly authorizes by law that religious, charitable, fraternal, service, or veteran organizations may conduct the game commonly known as bingo, upon the payment of the license fee and the issuance of the license as provided for by law. Any such law shall include the following requirements:

(1) All net receipts over and above the actual cost of conducting the game as set by law shall be used only for charitable, religious or philanthropic purposes, and no receipts shall be used to compensate in any manner any person who works for or is in any way affiliated with the licensed organization;

EXPLANATION — Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

(2) No license shall be granted to any organization unless it has been in continuous existence for at least five years immediately prior to the application for the license. An organization must have twenty bona fide members to be considered to be in existence;

(3) No person shall participate in the management, conduct or operation of any game unless that person:

(a) Has been a bona fide member of the licensed organization for the [~~two years~~] **six months** immediately preceding such participation, and volunteers the time and service necessary to conduct the game;

(b) Is not a paid staff person for the licensed organization;

(c) Is not and has never been a professional gambler or gambling promoter;

(d) Has never purchased a tax stamp for wagering or gambling activity;

(e) Has never been convicted of any felony;

(f) Has never been convicted of or pleaded nolo contendere to any illegal gambling activity;

(g) Is of good moral character;

(4) Any person, any officer or director of any firm or corporation, and any partner of any partnership renting or leasing to a licensed organization any equipment or premises for use in a game shall meet all of the qualifications of paragraph (3) except subparagraph (a);

(5) No lease, rental arrangement or purchase arrangement for any equipment or premise for use in a game shall provide for payment in excess of the reasonable market rental rate for such premises and in no case shall any payment based on a percentage of the gross receipts or proceeds be permitted;

(6) No person, firm, partnership or corporation shall receive any remuneration or profit for participating in the management, conduct or operation of the game;

(7) [~~No advertising of any game shall be permitted except on the premises of the licensed organization or through ordinary communications between the organization and its members;~~

~~(8)~~] Any other requirement the general assembly finds necessary to insure that any games are conducted solely for the benefit of the eligible organizations and the general community.

✓

Speaker of the House

President Pro Tem of the Senate

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-HJR 59)

Subject

Truly Agreed To and Finally Passed House Joint Resolution No. 59. (Received June 1, 2018)

Date

June 21, 2018

Description

This proposal would amend Article III of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Lottery,** and the **Missouri Gaming Commission.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they anticipate no impact.

Officials from the **Department of Higher Education** indicated no cost or impact for their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact on MoDOT/MHTC.

Officials from the **Office of Administration** indicated:

House Joint Resolution 59 proposes a constitutional amendment to reduce the amount of time a person is required to be a member of a licensed organization in order to participate in the management, conduct, or operation of a bingo game. It also removes the current prohibition against bingo advertising except on the premises of the organization or through ordinary communications between the organization and its members. There could be an unknown positive impact to the Bingo Proceeds for Education Fund as a result of the removal of the prohibition on bingo advertising. House Joint Resolution 59 will not impact Total State Revenues or the calculation under Article X, Section 18(e). This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated:

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017, their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, their office reserves the right to request funding to meet the cost of their publishing

requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated House Joint Resolution No. 59 regarding bingo will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this resolution would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for House Joint Resolution No. 59 proposing to amend Article III.

Officials from the **City of Columbia** indicated they expect no fiscal impact to their city.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **Missouri Lottery** indicated no fiscal impact to their office.

Officials from the **Missouri Gaming Commission** indicated this legislation has no fiscal impact on the operations of their office.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State and local governmental entities estimate no costs or savings from this proposal.

RECEIVED
MAR 27 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 27, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Charnita Walker regarding a proposed statutory amendment to Chapter 558 (2018-371)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Charnita Walker on March 27, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(OFFICIAL BALLOT TITLE)

RECEIVED
2018 MAR 27 AM 9:20
SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I _____, being first duly sworn, say

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____

Signature of Affiant

_____

Printed Name of Affiant

_____

_____

Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____

Signature of Notary

_____

_____

Address of Notary

Notary Public (Seal)

My commission expires _____

PROPOSED MEASURE

Be it enacted by the *people of the state of Missouri:*

Section 558.019, RSMo, subsection 3 would be repealed. In lieu of it a new subsection relating to prison commitment terms for first-time dangerous felony offenders and offenders with multiple convictions of dangerous felonies. The current law reads as follows (with the matter to be deleted in [brackets], and the new matter shown underlined):

§ 558.019 R.S.Mo. (2017)

§ 558.019. Prior felony convictions, minimum prison terms -- prison commitment defined -- dangerous felony, minimum term prison term, how calculated -- sentencing commission created, members, duties -- expenses -- cooperation with commission -- restorative justice methods -- restitution fund

1. This section shall not be construed to affect the powers of the governor under article IV, section 7, of the Missouri Constitution. This statute shall not affect those provisions of section 565.020, section 566.125, or section 571.015, which set minimum terms of sentences, or the provisions of section 559.115, relating to probation.

2. The provisions of subsections 2 to 5 of this section shall be applicable to all classes of felonies except those set forth in chapter 579, or in chapter 195 prior to January 1, 2017, and those otherwise excluded in subsection 1 of this section. For the purposes of this section, "prison commitment" means and is the receipt by the department of corrections of an offender after sentencing. For purposes of this section, prior prison commitments to the department of corrections shall not include an offenders first incarceration prior to release on probation under section 217.362 or an offenders incarceration prior to release on probation under section 559.115. Other provisions of the law to the contrary notwithstanding, any offender who has been found guilty of a felony other than a dangerous felony as defined in section 556.061 and is committed to the department of corrections shall be required to serve the following minimum prison terms:

(1) If the offender has one previous prison commitment to the department of corrections for a felony offense, the minimum prison term which the offender must serve shall be forty percent of his or her sentence or until the offender attains seventy years of age, and has served at least thirty percent of the sentence imposed, whichever occurs first;

(2) If the offender has two previous prison commitments to the department of corrections for felonies unrelated to the present offense, the minimum prison term which the offender must serve shall be fifty percent of his or her sentence or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first;

(3) If the offender has three or more previous prison commitments to the department of corrections for felonies unrelated to the present offense, the minimum prison term which the offender must serve shall be eighty percent of his or her sentence or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first.

[3. Other provisions of the law to the contrary notwithstanding, any offender who has been found guilty of a dangerous felony as defined in section 556.061 and is committed to the department of corrections shall be required to serve a minimum prison term of eighty-five percent of the sentence imposed by the court or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first.]

3. Other provisions of the law to the contrary notwithstanding, any offender who has more than once been found guilty of a dangerous felony as defined in section 556.061 and is committed to the department of corrections shall be required to serve a minimum prison term of eighty-five percent of the sentence imposed by the court or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first.:

(1) If the offender has one previous prison commitment to the department of corrections for a dangerous felony offense, the minimum prison term which the offender must serve shall be fifty percent of their sentence or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first. If the offender has maintained the best possible institutional score for the year prior to their scheduled parole hearing date, then parole shall be granted. If parole is denied, a hearing shall be scheduled every two years until the offender is paroled. The first-time conviction exception of this subsection shall be applicable to all dangerous felonies occurring on or after August 28, 1994.

4. For the purpose of determining the minimum prison term to be served, the following calculations shall apply:

(1) A sentence of life shall be calculated to be thirty years;

(2) Any sentence either alone or in the aggregate with other consecutive sentences for offenses committed at or near the same time which is over seventy-five years shall be calculated to be seventy-five years.

5. For purposes of this section, the term "minimum prison term" shall mean time required to be served by the offender before he or she is eligible for parole, conditional release or other early release by the department of corrections.

6. (1) A sentencing advisory commission is hereby created to consist of eleven members. One member shall be appointed by the speaker of the house. One member shall be appointed by the president pro tem of the senate. One member shall be the director of the department of corrections. Six members shall be appointed by and serve at the pleasure of the governor from among the following: the public defender commission; private citizens; a private member of *the* Missouri Bar; the board of probation and parole; and a prosecutor. Two members shall be appointed by the supreme court, one from a metropolitan area and one from a rural area. All members shall be appointed to a four-year term. All members of the sentencing commission appointed prior to August 28, 1994, shall continue to serve on the sentencing advisory commission at the pleasure of the governor.

(2) The commission shall study sentencing practices in the circuit courts throughout the state for the purpose of determining whether and to what extent disparities exist among the various circuit courts with respect to the length of sentences imposed and the use of probation for offenders convicted of the same or similar offenses and with similar criminal histories. The commission shall also study and examine whether and to what extent sentencing disparity among economic and social classes exists in relation to the sentence of death and if so, *the* reasons therefor, if sentences are comparable to other states, if the length of the sentence is appropriate, and the rate of rehabilitation based on sentence. It shall compile statistics, examine cases, draw conclusions, and perform other duties relevant to the research and investigation of disparities in death penalty sentencing among economic and social classes.

(3) The commission shall study alternative sentences, prison work programs, work release, home-based incarceration, probation and parole options, and any other programs and report the feasibility of these options in Missouri.

(4) The governor shall select a chairperson who shall call meetings of the commission as required or permitted pursuant to the purpose of the sentencing commission.

(5) The members of the commission shall not receive compensation for their duties on the commission, but shall be reimbursed for actual and necessary expenses incurred in the performance of these duties and for which they are not reimbursed by reason of their other paid positions.

(6) The circuit and associate circuit courts of this state, the office of the state courts administrator, the department of public safety, and the department of corrections shall cooperate with the commission by providing information or access to information needed by the commission. The office of the state court administrator will provide needed staffing resources.

7. Courts shall retain discretion to lower or exceed the sentence recommended by the commission as otherwise allowable by law, and to order restorative justice methods, when applicable.

8. If the imposition or execution of a sentence is suspended, the court may order any or all of the following restorative justice methods, or any other method that the court finds just or appropriate:

(1) Restitution to any victim or a statutorily created fund for costs incurred as a result of the offender's actions;

(2) Offender treatment programs;

(3) Mandatory community service;

(4) Work release programs in local facilities; and

(5) Community-based residential and nonresidential programs.

9. The provisions of this section shall apply only to offenses occurring on or after August 28, 2003.

10. Pursuant to subdivision (1) of subsection 8 of this section, the court may order the assessment and payment of a designated amount of restitution to a county law enforcement restitution fund established by the county commission pursuant to section 50.565. Such contribution shall not exceed three hundred dollars for any charged offense. Any restitution moneys deposited into the county law enforcement restitution fund pursuant to this section shall only be expended pursuant to the provisions of section 50.565.

11. A judge may order payment to a restitution fund only if such fund had been created by ordinance or resolution of a county of the state of Missouri prior to sentencing. A judge shall not have any direct supervisory authority or administrative control over any fund to which the judge is ordering a person to make payment.

12. A person who fails to make a payment to a county law enforcement restitution fund may not have his or her probation revoked solely for failing to make such payment unless the judge, after evidentiary hearing, makes a finding supported by a preponderance of the evidence that the person either willfully refused to make the payment or that the person willfully, intentionally, and purposefully failed to make sufficient bona fide efforts to acquire the resources to pay.

13. Nothing in this section shall be construed to allow the sentencing advisory commission to issue recommended sentences in specific cases pending in the courts of this state.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 23, 2018

RECEIVED
MAR 23 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Brian Hagg regarding a proposed statutory amendment to Chapter 173 (2018-370)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Brian Hagg on March 22, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

Initiative petition for law or constitutional amendment, form—clerical and technical errors to be disregarded, penalties for false signature.—The following shall be substantially the form of each page of each petition for any law or amendment to the Constitution of the state of Missouri proposed by the initiative: County ..... Page No. ..... It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION To the Honorable ....., Secretary of State for the state of Missouri: We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the ..... day of ....., ..., and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title) ..... CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF ..... I, ..., being first duly sworn.

NAME SIGNED	DATE	REGISTERED VOTING ADDRESS	ZIP CODE	CONGR. DIST.	NAME Printed

RECEIVED
MAR 22 2018
MO. SECRETARY OF STATE

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition. If paid, list the payer .... Signature of Affiant (Person obtaining signatures) ..... (Printed Name of Affiant) ..... Address of Affiant Subscribed and sworn to before me this ..... day of ....., A.D. .... Signature of Notary ..... Address of Notary Notary Public (Seal) My commission expires ..... If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors.

Effective 28 Aug 2015

Title XI EDUCATION AND LIBRARIES

Chapter 173

173.1550. Citation of law – expressive activities protected – outdoor areas deemed traditional public forums, reasonable restrictions – court action authorized, when. – 1. The provisions of this section shall be known and cited as the "Campus Free Expression Act". Expressive activities protected under the provisions of this section include, but are not limited to, all forms of peaceful assembly, protests, speeches, distribution of literature, carrying signs, and circulating petitions.

2. The outdoor areas of campuses of public institutions of higher education in this state shall be deemed traditional public forums. Public institutions of higher education may maintain and enforce reasonable time, place, and manner restrictions in service of a significant institutional interest only when such restrictions employ clear, published, content, and viewpoint-neutral criteria, and provide for ample alternative means of expression. Any such restrictions shall allow for members of the university community to spontaneously and contemporaneously assemble.

3. Any person who wishes to engage in noncommercial expressive activity on campus shall be permitted to do so freely, as long as the person's conduct is not unlawful and does not materially and substantially disrupt the functioning of the institution subject to the requirements of subsection 2 of this section.

4. Nothing in this section shall be interpreted as limiting the right of student expression elsewhere on campus.

5. The following persons may bring an action in a court of competent jurisdiction to enjoin any violation of this section or to recover compensatory damages, reasonable court costs, and attorney fees:

(1) The attorney general;

(2) Persons whose expressive rights were violated through the violation of this section.

6. In an action brought under subsection 5 of this section, if the court finds a violation, the court shall award the aggrieved persons no less than five hundred dollars for the initial violation, plus fifty dollars for each day the violation remains ongoing.

7. A person shall be required to bring suit for violation of this section not later than one year after the day the cause of action accrues. For purposes of calculating the one-year limitation period, each day that the violation persists, and each day that a policy in violation of this section remains in effect, shall constitute a new violation of this section and, therefore, a new day that the cause of action has accrued.

(L. 2015 S.B. 93)

Missouri Statute 173.1550. Citation of law — expressive activities protected — outdoor areas deemed traditional public forums, reasonable restrictions — court action authorized, when. — 1. The provisions of this section shall be known and cited as the "Campus Free Expression Act". Expressive activities protected under the provisions of this section include, but are not limited to, all forms of peaceful assembly, protests, speeches, distribution of literature, carrying signs, and circulating petitions.

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(L. 2015 S.B. 93)

Missouri Statute 173.1550 Paragraphs 2 and 3 unconstitutional Missouri Constitution and of the U.S. Constitution First and Fourteenth Amendments, also violate U.S. Supreme Court Marsh v. Alabama (1946) 326 U.S. 501, Schneider v. State (Town of Irvington), 308 U. S. 147 (1939), Watchtower Bible & Tract Soc. of N. Y., Inc. v. Village of Stratton,
536 U.S. 150 (2002)

U.S. Supreme Court Marsh v. Alabama, 326 U.S. 501 (1946)
Marsh v. Alabama No. 114 Argued December 6, 1945 Decided January 7, 1946 326 U.S. 501

APPEAL FROM THE COURT OF APPEALS OF ALABAMA

Syllabus

1. A state can not, consistently with the freedom of religion and the press guaranteed by the First and Fourteenth Amendments, impose criminal punishment on a person for distributing religious literature on the sidewalk of a company-owned town contrary to regulations of the town's management, where the town and its shopping district are freely accessible to and freely used by the public in general, even though the punishment is attempted under a state statute making it a crime for anyone to enter or remain on the premises of another after having been warned not to do so. Pp.326 U. S. 502, 326 U. S. 505.

Page 326 U. S. 502

2. Whether a corporation or a municipality owns or possesses a town, the public in either case has an identical interest in the functioning of the community in such manner that the channels of communication remain free. P. 326 U. S. 507.

3. People living in company-owned towns are free citizens of their State and country, just as residents of municipalities, and there is no more reason for depriving them of the liberties guaranteed by the First and Fourteenth Amendments than there is for curtailing these freedoms with respect to any other citizen. P. 326 U. S. 508.

21 So.2d 558, reversed.

APPEAL from the affirmance of a conviction for violation of a state statute challenged as invalid under the Federal Constitution. The State Supreme Court denied certiorari, 246 Ala. 539, 21 So.2d 564.

MR. JUSTICE BLACK delivered the opinion of the Court.

Amendments than there is for curtailing these freedoms with respect to any other citizen. [Footnote 6]

When we balance the Constitutional rights of owners of property against those of the people to enjoy freedom of press and religion, as we must here, we remain mindful of the fact that the latter occupy a preferred position. [Footnote 7] As we have stated before, the right to exercise the liberties safeguarded by the First Amendment "lies at the foundation of free government by free men," and we must in all cases "weigh the circumstances and . . . appraise the . . . reasons . . . in support of the regulation . . . of the rights." Schneider v. State, 308 U. S. 147, 308 U. S. 161. In our view, the circumstance that the property rights to the premises where the deprivation of liberty, here involved, took place were held by others than the public is not sufficient to justify the State's permitting a corporation to govern a community of citizens so as to restrict their fundamental liberties and the enforcement of such restraint by the application of a state statute. Insofar as the State has attempted to impose criminal punishment on appellant for undertaking to distribute religious literature in a company town, its action cannot stand. The case is reversed,

M Inbox - satanfallenangel | My Drive - Google Drive | Government - MO.gov | Missouri Revisor of Stat | scan0015.pdf | scan0014.pdf | Watchtower Bible & Tra
file:///C:/Users/pic3/Downloads/scan0015.pdf

SCHNEIDER v. STATE OF NEW JERSEY (TOWN OF IRVINGTON). YOUNG v. PEOPLE OF STATE OF CALIFORNIA. SNYDER v. CITY OF MILWAUKEE. NICHOLS et al. v. COMMONWEALTH OF MASSACHUSETTS.

308 U.S. 147 (60 S.Ct. 146, 84 L.Ed. 155)

SCHNEIDER v. STATE OF NEW JERSEY (TOWN OF IRVINGTON). YOUNG v. PEOPLE OF STATE OF CALIFORNIA. SNYDER v. CITY OF MILWAUKEE. NICHOLS et al. v. COMMONWEALTH OF MASSACHUSETTS.

The freedom of speech and of the press secured by the First Amendment, U.S.C.A.Const., against abridgment by the United States is similarly secured to all persons by the Fourteenth against abridgment by a state.

Although a municipality may enact regulations in the interest of the public safety, health, welfare or convenience, these may not abridge the individual liberties secured by the Constitution to those who wish to speak, write, print or circulate information or opinion.

Conceding that fraudulent appeals may be made in the name of charity and religion, we hold a municipality cannot, for this reason, require all who wish to disseminate ideas to present them first to police authorities for their consideration and approval, with a discretion in the police to say some ideas may, while others may not, be carried to the homes of citizens; some persons may, while others may not, disseminate information from house to house. Frauds may be denounced as offenses and punished by law. Trespasses may similarly be forbidden. If it is said that these means are less efficient and convenient than bestowal of power on police authorities to decide what information may be disseminated from house to house, and who may impart the information, the answer is that considerations of this sort do not empower a municipality to abridge freedom of speech and press.
Page 308 U. S. 165
We are not to be taken as holding that commercial soliciting and canvassing may not be subjected to such regulation as the ordinance requires. Nor do we hold that the town may not fix reasonable hours when canvassing may be done by persons having such objects as the petitioner. Doubtless there are other features of such activities which may be regulated in the public interest without prior licensing or other invasion of constitutional liberty. We do hold, however, that the ordinance in question, as applied to the petitioner's conduct, is void, and she cannot be punished for acting without a permit.

Watchtower Bible & Tract Soc. of N. Y., Inc. v. Village of Stratton,
536 U.S. 150 (2002)
II...
"As a matter of principle a requirement of registration in order to make a public speech would seem generally incompatible with an exercise of the rights of free speech and free assembly... .

. . . . .

"If the exercise of the rights of free speech and free assembly cannot be made a crime, we do not think this can be accomplished by the device of requiring previous registration as a condition for exercising them and making such a condition the foundation for restraining in advance their exercise and for imposing a penalty for violating such a restraining order. So long as no more is involved than exercise of the rights of free speech and free assembly, it is immune to such a restriction. If one who solicits support for the cause of labor may be required to register as a condition to the exercise of his right to make a public speech, so may he who seeks to rally support for any social, business, religious or political cause. We think a requirement that one must register before he undertakes to make a public speech to

enlist support for a lawful movement is quite incompatible with the requirements of theFirst Amendment." *Id.*, at 539–540.

Although these World War II-era cases provide guidance for our consideration of the question presented, they do not answer one preliminary issue that the parties adamantly dispute. That is, what standard of review ought we use in assessing the constitutionality of this ordinance. We find it unnecessary, however, to resolve that dispute because the breadth of speech affected by the ordinance and the nature of the regulation make it clear that the Court of Appeals erred in upholding it.

First, as our cases involving distribution of unsigned handbills demonstrate, 13 there are a significant number of persons who support causes anonymously. 14 "The decision to favor anonymity may be motivated by fear of economic or official retaliation, by concern about social ostracism, or merely by a desire to preserve as much of one's privacy as possible." McIntyre v. Ohio Elections Comm'n, 514 U. S., at 341–342. The requirement that a canvasser must be identified in a permit application filed in the mayor's office and available for public inspection necessarily results in a surrender of that anonymity. Although it is true, as the Court of Appeals suggested, see 240 F. 3d, at 563, that persons who are known to the resident reveal their allegiance to a group or cause when they present themselves at the front door to advocate an issue or to deliver a handbill, the Court of Appeals erred in concluding that the ordinance does not implicate anonymity interests. The Sixth Circuit's reasoning is undermined by our decision in Buckley v. American Constitutional Law Foundation, Inc. , 525 U. S. 182 (1999) . The badge requirement that we invalidated in Buckley applied to petition circulators seeking signatures in face-to-face interactions. The fact that circulators revealed their physical identities did not foreclose our consideration of the circulators' interest in maintaining their anonymity. In the Village, strangers to the resident certainly maintain their anonymity, and the ordinance may preclude such persons from canvassing for unpopular causes. Such preclusion may well be justified in some situations—for example, by the special state interest in protecting the integrity of a ballot-initiative process, see ibid. , or by the interest in preventing fraudulent commercial transactions. The Village ordinance, however, sweeps more broadly, covering unpopular causes unrelated to commercial transactions or to any special interest in protecting the electoral process.

Second, requiring a permit as a prior condition on the exercise of the right to speak imposes an objective burden on some speech of citizens holding religious or patriotic views. As our World War II-era cases dramatically demonstrate, there are a significant number of persons whose religious scruples will prevent them from applying for such a license. There are no doubt other patriotic citizens, who have such firm convictions about their constitutional right to engage in uninhibited

debate in the context of door-to-door advocacy, that they would prefer silence to speech licensed by a petty official.

Third, there is a significant amount of spontaneous speech that is effectively banned by the ordinance. A person who made a decision on a holiday or a weekend to take an active part in a political campaign could not begin to pass out handbills until after he or she obtained the required permit. Even a spontaneous decision to go across the street and urge a neighbor to vote against the mayor could not lawfully be implemented without first obtaining the mayor's permission. In this respect, the regulation is analogous to the circulation licensing tax the Court invalidated in Grosjean v. American Press Co. , 297 U. S. 233 (1936) . In Grosjean , while discussing the history of the Free Press Clause of the First Amendment, the Court stated that " '[t]he evils to be prevented were not the censorship of the press merely, but any action of the government by means of which it might prevent such free and general discussion of public matters as seems absolutely essential to prepare the people for an intelligent exercise of their rights as citizens.' " Id., at 249–250 (quoting 2 T. Cooley, Constitutional Limitations 886 (8th ed. 1927)); see also Lovell v. City of Griffin , 303 U. S. 444 (1938) .

The breadth and unprecedented nature of this regulation does not alone render the ordinance invalid. Also central to our conclusion that the ordinance does not pass First Amendment scrutiny is that it is not tailored to the Village's stated interests. Even if the interest in preventing fraud could adequately support the ordinance insofar as it applies to commercial transactions and the solicitation of funds, that interest provides no support for its application to petitioners, to political campaigns, or to enlisting support for unpopular causes. The Village, however, argues that the ordinance is nonetheless valid because it serves the two additional interests of protecting the privacy of the resident and the prevention of crime.

With respect to the former, it seems clear that §107 of the ordinance, which provides for the posting of "No Solicitation" signs and which is not challenged in this case, coupled with the resident's unquestioned right to refuse to engage in conversation with unwelcome visitors, provides ample protection for the unwilling listener. Schaumburg , 444 U. S., at 639 ("[T]he provision permitting homeowners to bar solicitors from their property by posting [no solicitation] signs … suggest[s] the availability of less intrusive and more effective measures to protect privacy"). The annoyance caused by an uninvited knock on the front door is the same whether or not the visitor is armed with a permit.

With respect to the latter, it seems unlikely that the absence of a permit would preclude criminals from knocking on doors and engaging in conversations not covered by the ordinance. They might, for example, ask for directions or permission to use the telephone, or pose as surveyers or census takers. See n. 1,

supra . Or they might register under a false name with impunity because the ordinance contains no provision for verifying an applicant's identity or organizational credentials. Moreover, the Village did not assert an interest in crime prevention below, and there is an absence of any evidence of a special crime problem related to door-to-door solicitation in the record before us.

The rhetoric used in the World War II-era opinions that repeatedly saved petitioners' coreligionists from petty prosecutions reflected the Court's evaluation of the First Amendment freedoms that are implicated in this case. The value judgment that then motivated a united democratic people fighting to defend those very freedoms from totalitarian attack is unchanged. It motivates our decision today.

The judgment of the Court of Appeals is reversed, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 23, 2018

RECEIVED
MAR 23 2018
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Brian Hagg regarding a proposed statutory amendment to Chapter 116 (2018-369)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Brian Hagg on March 22, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

Initiative petition for law or constitutional amendment, form—clerical and technical errors to be disregarded, penalties for false signature.—The following shall be substantially the form of each page of each petition for any law or amendment to the Constitution of the state of Missouri proposed by the initiative: County ..... Page No. ..... It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION To the Honorable ....., Secretary of State for the state of Missouri: We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the ..... day of ....., ..., and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title) ..... CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF ..... I, ..., being first duly sworn.

NAME SIGNED	DATE	REGISTERED VOTING ADDRESS	ZIP CODE	CONGR. DIST.	NAME Printed

RECEIVED
MAR 22 2018
MO. SECRETARY OF STATE

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition. If paid, list the payer .... Signature of Affiant (Person obtaining signatures) ..... (Printed Name of Affiant) ..... Address of Affiant Subscribed and sworn to before me this ..... day of ....., A.D. .... Signature of Notary ..... Address of Notary Notary Public (Seal) My commission expires ..... If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors

This Missouri statute 116.040 sites a Missouri statute 560.021 that has been repealed and replaced as 558.002 but it is not listed. The Missouri statute 560.021 and 558.002 does not apply to this because 560.021 was for corporations and it did not have the class of felonies listed and 558.002 does not have the same defining under the law for what class of felony, or misdemeanor the corporation is to be charged. Missouri Constitution Article I Bill of Rights Section 2 that all persons are created equal and are entitled to equal rights and opportunity under the law;…

State of Missouri Webs | Missouri Revisor of Stat

revisor.mo.gov/main/OneSection.aspx?section=116.040&bid=63048&hl=

Revisor of Statutes

State of Missouri

Publications | Constitution

About | Help / FAQ

Words | 1st search term | And | 2nd search term

Effective 04 Nov 2014, see footnote | Chapter 116

Title IX SUFFRAGE AND ELECTIONS

***116.040. Initiative petition for law or constitutional amendment, form – clerical and technical errors to be disregarded, penalties for false signature. –** The following shall be substantially the form of each page of each petition for any law or amendment to the Constitution of the state of Missouri proposed by the initiative:

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable _____, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the _____ day of _____, _____, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St.

***116.040. Initiative petition for law or constitutional amendment, form — clerical and technical errors to be disregarded, penalties for false signature.** — The following shall be substantially the form of each page of each petition for any law or amendment to the Constitution of the state of Missouri proposed by the initiative:

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section [560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.] The Missouri statute 560.021 and 558.002 does not apply to this because 560.021 was for corporations and it did not have the class of felonies listed and 558.002 does not have the same defining under the law for what class of felony, or misdemeanor the corporation is to be charged. Missouri Constitution Article I Bill of Rights Section 2 that all persons are created equal and are entitled to equal rights and opportunity under the law;...

INITIATIVE PETITION

To the Honorable _____, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the _____ day of _____, _____, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title) _____

CIRCULATOR'S AFFIDAVIT

State Of Missouri,

County Of _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME	DATE SIGNED	REGISTERED VOTING ADDRESS	ZIP CODE	CONGR. DIST.	NAME
(Signature)		(Street) (City, Town or Village)			(Printed or Typed)

(Here follow numbered lines for signers)

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do _____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____

Signature of Affiant

(Person obtaining signatures)

_____

(Printed Name of Affiant)

_____

Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____

_____

Signature of Notary

Address of Notary

Notary Public (Seal)

My commission expires _____

If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors.

(L. 1980 S.B. 658, A.L. 1986 H.B. 1471, et al., A.L. 1997 S.B. 132, A.L. 1999 H.B. 676, A.L. 2013 H.B. 117)

Effective 11-04-14

*Revisor's Note: Section 560.021, as referenced in the form contained in this section, was repealed by S.B. 491, 2014, effective 1-01-17.

***116.030. Referendum petition, form — clerical and technical errors to be disregarded, penalties for false signature.** — The following shall be substantially the form of each page of referendum petitions on any law passed by the general assembly of the state of Missouri:

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section[560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any referendum petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.] The Missouri statute560.021 and 558.002 does not apply to this because 560.021 was for corporations and it did not have the

class of felonies listed and 558.002 does not have the same defining under the law for what class of felony, or misdemeanor the corporation is to be charged. Missouri Constitution Article I Bill of Rights Section 2 that all persons are created equal and are entitled to equal rights and opportunity under the law:...

PETITION FOR REFERENDUM

To the Honorable _____, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the Senate (or House) Bill No. _____ entitled (title of law), passed by the _____ general assembly of the state of Missouri, at the _____ regular (or special) session of the _____ general assembly, shall be referred to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the _____ day of _____, _____, unless the general assembly shall designate another date, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title) _____

CIRCULATOR'S AFFIDAVIT

State Of Missouri,

County Of _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)

(Here follow numbered lines for signers)

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do _____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____

Signature of Affiant

(Person obtaining signatures)

_____

(Printed Name of Affiant)

_____

Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____

_____

Signature of Notary

Address of Notary

Notary Public (Seal)

My commission expires _____

If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors.

(L. 1980 S.B. 658, A.L. 1986 H.B. 1471, et al., A.L. 1997 S.B. 132, A.L. 1999 H.B. 676, A.L. 2013 H.B. 117) Effective 11-04-1 *Revisor's Note: Section 560.021, as referenced in the form contained in this section, was repealed by S.B. 491, 2014, effective 1-01-17

Is the old Missouri statute that 116.030 and 116.040 got 560.021 from which is for corporations.

Chapter 560

FINES

Sec.
560.011. Fines for felonies.
560.016. Fines for misdemeanors and infractions.
560.021. Fines for corporations.
560.026. Imposition of fines.
560.031. Response to nonpayment.
560.036. Revocation of a fine.

Cross Reference
Infractions, limitations on amount of fines, RSMo 560.016

560.011. Fines for felonies. — 1. A person who has been convicted of a class C or D felony may be sentenced

(1) To pay a fine which does not exceed five thousand dollars; or

(2) If the offender has gained money or property through the commission of the crime, to pay an amount, fixed by the court, not exceeding double the amount of the offender's gain from the commission of the crime. An individual offender may be fined not more than twenty thousand dollars under this provision.

2. As used in this section the term **"gain"** means the amount of money or the value of property derived from the commission of the crime. The amount of money or value of property returned to the victim of the crime or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

3. The provisions of this section shall not apply to corporations.

(L. 1977 S.B. 60)

Effective 1-1-79

560.016. Fines for misdemeanors and infractions. — 1. Except as otherwise provided for an offense outside this code, a person who has been convicted of a misdemeanor or infraction may be sentenced to pay a fine which does not exceed:

(1) For a class A misdemeanor, one thousand dollars;

(2) For a class B misdemeanor, five hundred dollars;

(3) For a class C misdemeanor, three hundred dollars;

(4) For an infraction, two hundred dollars.

2. In lieu of a fine imposed under subsection 1, a person who has been convicted of a misdemeanor or infraction through which he derived "gain" as defined in section 560.011 may be sentenced to a fine which does not exceed double the amount of gain from the commission of the offense. An individual offender may be fined not more than twenty thousand dollars under this provision.

(L. 1977 S.B. 60)

Effective 1-1-79

560.021. Fines for corporations. — 1. A sentence to pay a fine, when imposed on a corporation for an offense defined in this code or for an offense defined outside this code for which a special corporate fine is specified, shall be a sentence to pay an amount, fixed by the court, not exceeding:

(1) Ten thousand dollars, when the conviction is of a felony;

(2) Five thousand dollars, when the conviction is of a class A misdemeanor;

(3) Two thousand dollars, when the conviction is of a class B misdemeanor;

(4) One thousand dollars, when the conviction is of a class C misdemeanor;

(5) Five hundred dollars, when the conviction is of an infraction;

(6) Any higher amount not exceeding double the amount of the corporation's gain from the commission of the offense, as determined under section 560.011.

2. In the case of an offense defined outside this code, if a special fine for a corporation is expressly specified in the statute that defines the offense, the fine fixed by the court shall be

(1) An amount within the limits specified in the statute that defines the offense; or

(2) Any higher amount not exceeding double the amount of the corporation's gain from the commission of the offense, as determined under section 560.011.

(L. 1977 S.B. 60)

Effective 1-1-79

560.026. Imposition of fines. — ...ining the amount and the method o... a fine, the court shall, insofar as practic... tion the fine to the burden that paymen... in view of the financial resources of a... The court shall not sentence an offen... fine in any amount which will preve... making restitution or reparation to the... offense.

2. When any other disposition is a... statute, the court shall not sentence a... to pay a fine only unless, having r... nature and circumstances of the offe... history and character of the offende... opinion that the fine alone will su... protection of the public.

3. The court shall not sentence a... to pay a fine in addition to any otl... authorized by section 557.011, RSM...

(1) He has derived a pecuniary g... offense; or

(2) The court is of the opinion ... uniquely adapted to deterrence of ... offense involved or to the correc... defendant.

4. When an offender is sentenc... fine, the court may provide for the pa... made within a specified period of ... specified installments. If no such ... made a part of the sentence, the f... payable forthwith.

5. When an offender is sentenc... fine, the court shall not impose at th... an alternative sentence to be served ... that the fine is not paid. The resp... court to nonpayment shall be deter... after the fine has not been paid, as ... section 560.031.

(L. 1977 S.B. 60)

Effective 1-1-79

560.031. Response to nonpayr... When an offender sentenced to pay a ... in the payment of the fine or in any ins... court upon motion of the prosecuting ... upon its own motion may require h... cause why he should not be imprisonec... ment. The court may issue a warrant ... summons for his appearance.

RECEIVED
MAR 15 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 15, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed statutory amendment to Chapter 441 (2018-368)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Steven Reed on March 15, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, not withstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2018 MAR 15 AM 10: 12

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____.

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street)	(City, Town, or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.						
2.						
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12.						
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14.						
15.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20_____

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the People *of the state of Missouri:*

441.060 RSMo, has new section added know as: Restrictions on evictions to read as follows:

7. That no landlord in the state may evict a tenant for non-payment of rent unless they are in arears for a period greater than 30 days (60 days for a tenant older than 65 or who is legally disabled).

RECEIVED
MAR 15 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 15, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed statutory amendment to Chapter 250 (2018-367)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Steven Reed on March 15, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, not withstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____.

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street)	(City, Town, or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.						
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11.						
12.						
13.						
14.						
15.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20_____

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the People *of the state of Missouri:*

250.236. RSMo, has new section added know as: Disconnection of water must be given at least three months in advance to read as follows:

3. Water, being necessary for life, that no county, municipality or co-operative may not disconnect for non-payment the water supply to any customer without a minimum notice of at least three months, (six months for customers over the age of 65 or with a legal disability).

RECEIVED
MAR 15 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 15, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Theodis Brown regarding a proposed statutory amendment to Chapter 115 (2018-366)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Theodis Brown on March 14, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

RECEIVED
2018 MAR 14 PM 12:51

To the Honorable _____, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the _____ shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the _____ day of November, _____, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this ___ day of _____, 20__.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

BE INVOKED TO THE PROPOSED PETITION FOR PLACING A NEW PARTY ON BALLOT CALLED THE GRAND MARSHAL PARTY AS INVOKED UNDER 115.315 THRU 115.405RSMO2017

Revisor of Statutes Publications Constitution _
State of Missouri About Help / FAQ
Words 1st search term And 2nd search term
Effective 28 Aug 1999

Title IX SUFFRAGE AND ELECTIONS

Chapter 115

115.325. Form of petition — signing petition, voting for candidate or party not required. — 1. Each petition filed pursuant to sections 115.307 to 115.405 shall consist of pages of uniform size. The space for signatures on either side of a petition page shall be no larger than eight and one-half by fourteen inches, and each page shall contain signatures of registered voters from only one county. When submitted for filing, the pages of each petition shall be numbered in sequence for each county.

2. Each page of each petition for the formation of a new party shall be in substantially the following form:

It is a felony for anyone to sign any petition for the formation of a new party with any name other than his or her own, or knowingly to sign his or her name more than once to the same petition, or to sign a petition when he or she knows he or she is not a registered voter. Signing this petition does not obligate you to vote for any candidate or party.

PETITION FOR PLACING A
NEW PARTY ON THE BALLOT

To the Honorable _____ (title of official with whom petition is to be filed) for _____ (the state of Missouri or appropriate county):

We, the undersigned, citizens and registered voters of the state of Missouri, _____ County and _____ (district if appropriate), respectfully order that the _____ (name of new political party) and its candidates be placed on the ballot, for election or rejection to such public offices at the next election, to be held on the _____ day of _____, _____, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri, _____ County and _____ (district if appropriate); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, a resident of the state of Missouri, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street)(City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)

(Here follow numbered lines for signers)

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

_____

Signature of Affiant

(Person obtaining signatures)

_____

Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D._____

_____

Signature of Notary

Notary Public (Seal)

My commission expires _____

If this form is followed substantially, it shall be sufficient, disregarding clerical and merely technical errors.

3. Each sheet of each petition for nomination of an independent candidate for public office shall be in substantially the following form:

> It is a felony for anyone to sign any petition for the nomination of an independent candidate with any name other than his or her own, or knowingly to sign his or her name more than once to the same petition, or to sign a petition when he or she knows he or she is not a registered voter.

RECEIVED
MAR 13 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 13, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Theodis Brown regarding a proposed amendment (2018-365)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposed amendment filed by Theodis Brown on March 13, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

chief theodis brown <mplefireprotectioncompany@gmail.com>

Sun 3/11/2018 11:07 AM

To: Elections <Elections@sos.mo.gov>;

Cc: stlouisprivateeyenewspaper <stlouisprivateeyenewspaper@yahoo.com>;

RECEIVED
2018 MAR 13 AM 8:32
MO. SEC. OF STATE

be it enacted by the peoples of missouri;shall the missouri law makers of the great slave state of missouri codify a new bill,into law, in the house and in the senate,allow for the proposed canonization of two of the worlds most honored reverends& holy preachers,the reverend billy graham and reverend dr martin luther king to be recognized as saints without the formal process or with the formal process for sainthood; as advocated by the clergyman&reverend theo brown sr a baptist pastor yes? or no?

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

STATE AUDITORS OFFICE
ELECTIONS DIVISION
(573) 751-2301

RECEIVED
MAR 13 2018

March 13, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Theodis Brown regarding a proposed statutory amendment to Chapter 321 (2018-364)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Theodis Brown on March 13, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

... is not a registered voter.

INITIATIVE PETITION

To the Honorable ... Secretary of State for the State of Missouri:

RECEIVED
2018 MAR 13 AM 9:01
SEC OF STATE

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the ... 201 n shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the ... day of November, 20..., and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
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10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, 20__.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires.

321.716RSMO2017

chief theodis brown <mplefireprotectioncompany@gmail.com>

Mon 3/12/2018 1:39 PM

To: Elections <Elections@sos.mo.gov>;

Cc: force1949 <force1949@hotmail.com>;

BE IT ENACTED BY THE PEOPLES OF THE STATE OF MISSOURI;SHALL SECTION 321.701-321.716RSMO2017 BE INVOKED ON RECALL PETITION FOR RICHIE TIBERGHEIN,BOBBY SMITH,GRACE HARVEY DEEMED ILLEGAL OFFICE HOLDERS IN RIVERVIEW FIRE DISTRICT;AN UNINCORPORATED ASSN, NO, STATE SOS CHARTER TO BE PUBLIC CORPORATION,AS DEEMED GUILTY OF MAL-MIS-NONFEASENCE IN OFFICES SUBJECT TO CHAPTER 531RSMO QUO WARRENTO ACTIONS. YES? OR NO?

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

STATE AUDITORS OFFICE
ELECTIONS DIVISION
(573) 751-2301

RECEIVED
MAR 12 2018

March 12, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Ted Melton regarding a proposed statutory amendment to Chapter 196 (2018-363)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Ted Melton on March 12, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED

2019 MAR 12 AM 8:26

County

Page No.

It is a class A misdemeanor punishable notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County, respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2020, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF

MO. STATE

_____

I, _____ being first duly sworn, say (print or type names of signers)

	NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.						
2.						
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9.						
10.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I

Notary Public (Seal)

Signature of Notary

My commission expires Address of Notary (Street, City, State & Zip Code)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication, the following Articles and Sections of the Constitution of Missouri:

Title XII of the Missouri Revised Statutes: Chapter 196 sections 196.010, 196.050, 196.155, to be amended as follows.

Be it resolved by the people of the state of Missouri that the Title XII Public Health and Welfare, Chapter 196 be amended as follows:

A Bill amending prescribing protocols on dangerous drugs of abuse causing overdose death and addiction; sections amended include 196.050 196.175, 196.010,

Section 1. Section 196.050. To be amended as follows

1. Given the Opioid epidemic in the United States, the department of health and senior services shall prescribe or promulgate new regulations for drugs of abuse. These regulations may be more stringent than those listed under the authority of the Controlled Substances act of 1970 amendment due to the clear and present danger of overdose death.

2. All other products or commodities covered in sections 196.010 to 196.196.120 shall comply with the definitions and standards prescribed by the federal act.

Section 2. Section 195.195 to be amended as follows

3. Regulations, authority to promulgate, where vested. - The authority to promulgate regulations for the efficient enforcement of this chapter and chapter 579 is hereby vested in the director of the department of health and senior services subject to provisions of subsection 1 of section 195.030 and chapter 536. Given the Missouri preamble-
We the people of Missouri, with profound reverence for the Supreme Ruler of the Universe, and grateful for His goodness, do establish this constitution for the better government of the state. The Missouri constitution will promulgate its own definitions and regulations deliberating effective placement required for checking for the DSM5 disorders known as "Opioid Use Disorder" and "Substance Abuse Disorder," with a checklist to be enforced prior to prescribing a drug(s) listed in section 4 of this article.

Definitions
Emergency use for opioids- Opioids used under the care of a paramedic or doctor in an Emergency Room.

Section 3. Application requirements for common drugs of abuse and overdose potential

P.O.D.A.[3]
Preventing overdose death and abuse application

1. Applications screen for the DSM 5 disorder(s), *Substance Abuse Disorder, Opioid use disorder* before prescribing; opioid pain relievers, opium remedies, depressants, stimulants and partial opioid agonists. An increase in safety standard and responsibility level of prescriber, insurance provider and patient receiving care. Application are to be sent electronically to the state department of health and senior services every 7 days.

ii. Depressants

a. Alprazolam
b. Clonazepam
c. Diazepam
d. Lorazepam
e. Temazepam
f. Sodium oxybate

iii. Stimulants-

Short-acting:

a. Lisdexamfetamine
b. amphetamine salt
c. dextroamphetamine
d. dexmethylphenidate
e. methylphenidate
f. dextroamphetamine
g. methylphenidate
h. atomoxetine

Intermediate-acting:

i. amphetamine sulfate
j. methylphenidate
k. methylphenidate
l. methylphenidate
m. methylphenidate
n. methylphenidate

Long-acting:

o. dextroamphetamine
p. amphetamine
q. methylphenidate
r. methylphenidate
s. methylphenidate
t. methylphenidate

iv. Partial opioid agnostic or antagonist

g. Morphine naltrexone
h. Oxycodone naloxone
i. Buprenorphine
j. _____
k. _____
l. pentazocine hydrochloride
m. naloxone hydrochloride
n. buprenorphine buccal
o. buprenorphine transdermal
p. Sublocade
q. pentazocine/acetaminophen
r. Pentazocine/naloxone
s. Probuphine
t. Levo-alphacetylmethadol
u. Substances acting on opioid receptor function in the human or animal brain.

Section 5. Mental health check application screening for DSM5- *"Substance abuse disorder" and "Opioid Use disorder"*

a. The following applications are to be used by physicians, nurse practitioners and dentist conducting business in Missouri that are prescribing substances listed in section 3 of this document, *the substances of common overdose death and abuse list.*

Application for Prescribing Full Opioid agnostic drugs and remedies

For Doctors use only

1.) Has patient been to rehabilitation for any substance abuse?

_____
_____

2.) Is the patient nursing or pregnant?

_____
_____
—

3.) Is patient running out of medication before appointment?

_____
_____

4.) Is patient responsible for any children under the age of 21?

_____
_____

5.) Has the patient used heroine in the past or is presently intravenously injecting, snorting, smoking or ingesting any prescription medication, heroine, methamphetamine, bath salts, cocaine, buprenorphine or taking any illicit street drugs?

_____

8.) Is the patient injecting any drugs intravenously or through nasal passages?

9.) Is patient suicidal or had a suicide of a loved one in the past?

10.) Has patient been obtaining and ingesting any other full, partial or synthetic opioid medication from illegal or legal means?

11.) Opioids often taken in larger amounts or over a longer period of time than intended?

12.) There is a persistent desire or unsuccessful effort to cut down or control opioid use?

13.) Is a great deal of time spent in activities necessary to obtain the opioid, use the opioid or recover from its effect's?

14.) Craving or strong desire to use opioids?

15.) Recurrent opioid use resulting in failure to fulfill major role obligations at work, school or home.

16.) Continued use despite knowledge of having a persistent or recurrent physical or psychological problem that is likely to have been caused or exacerbated by opioids?

I certify that all the answers to the following questions are correct and I sign and certify with my signature under penalty of law that I have answered the evaluation correctly and that the person being prescribed Opioid drug therapy is not involved in illegal activities concerning drugs, sex trafficking, fraud, embezzlement, disturbing the peace, transfer of medication or be aiding in the manipulation of fetal embryo development and I do herby swear on my medical license that the application does not contain any false information and that I may be sued in a court of law under perjury of this acknowledgement that no harm from my prescribing will rest on the future of my patients health.

Application for Prescribing depressant drugs and remedies

For Doctors use only

1.) Has patient been to rehabilitation for any substance abuse?

2.) Is the patient nursing or pregnant?

3.) Is patient running out of medication before appointment?

4.) Is patient responsible for any children under the age of 21?

5.) Has the patient used heroine in the past or is presently intravenously injecting, snorting, smoking or ingesting any prescription medication, heroine, methamphetamine, bath salts, cocaine, buprenorphine or taking any illicit street drugs?

6.) Has the patient been prescribed or taking a partial opioid agonist, full opioid agonist, anti-anxiety, anti-depressant, stimulant or bipolar medication?

7.) Patient is not selling or abusing medication?

8.) Is the patient injecting any drugs intravenously or through nasal passages?

9.) Is patient suicidal or had a suicide of a loved one in the past?

10.) Has patient been obtaining and ingesting any other full, partial or synthetic opioid medication from illegal or legal means?

11.) Opioids often taken in larger amounts or over a longer period of time than intended?

14.) Craving or strong desire to use opioids?

15.) Recurrent opioid use resulting in failure to fulfill major role obligations at work, school or home.

16.) Continued use despite knowledge of having a persistent or recurrent physical or psychological problem that is likely to have been caused or exacerbated by opioids?

I certify that all the answers to the following questions are correct and I sign and certify with my signature under penalty of law that I have answered the evaluation correctly and that the person being prescribed Anti-anxiety medication is not involved in illegal activities concerning drugs, sex trafficking, fraud, embezzlement, disturbing the peace, transfer of medication or be aiding in the manipulation of fetal embryo development and I do herby swear on my medical license that the application does not contain any false information and that I may be sued in a court of law under perjury of this acknowledgement that no harm from my prescribing will rest on the future of my patients health.

Doctor's Signature

X

Date

X

Medical License number

DEA #

Application for Prescribing Stimulant drugs and remedies

For Doctors use only

1.) Has patient been to rehabilitation for any substance abuse?

2.) Is the patient nursing or pregnant?

6.) Has the patient been prescribed or taking a partial opioid agonist, full opioid agonist, anti-anxiety, anti-depressant, stimulant or bipolar medication?

7.) Patient is not selling or abusing medication?

8.) Is the patient injecting any drugs intravenously or through nasal passages?

9.) Is patient suicidal or had a suicide of a loved one in the past?

10.) Has patient been obtaining and ingesting any other full, partial or synthetic opioid medication from illegal or legal means?

These Questions Refer to the Past 12 Months

1. Have you used drugs other than those required for medical reasons? Yes No
2. Do you abuse more than one drug at a time? Yes No
3. Are you always able to stop using drugs when you want to? Yes No
4. Have you ever had blackouts or flashbacks as a result of drug use? Yes No
5. Do you ever feel bad or guilty about your drug use? Yes No
6. Does your spouse (or parents) ever complain about your involvement with drugs? Yes No
7. Have you neglected your family because of your use of drugs? Yes No
8. Have you engaged in illegal activities in order to obtain drugs? Yes No
9. Have you ever experienced withdrawal symptoms (felt sick) when you stopped taking drugs? Yes No
10. Have you had medical problems as a result of your drug use (e.g., memory loss, hepatitis, convulsions, bleeding)? Yes No

I certify that all the answers to the following questions are correct and I sign and certify with my signature under penalty of law that I have answered the evaluation correctly and that the person being prescribed amphetamine medication is not involved in illegal activities concerning drugs, sex trafficking, fraud, embezzlement, disturbing the peace, transfer of medication or be aiding in the manipulation of fetal embryo development and I do herby swear on my medical license that the application does not contain any false information and that I may be sued in a court of law under perjury of this acknowledgement that no harm from my prescribing will rest on the future of my patients health.

Doctor's Signature

X _____

Date

Application for Prescribing certain Partial Opioid agnostic/antagonist drugs and remedies

For Doctors use only

1.) Has patient been to rehabilitation for any substance abuse?

2.) Is the patient nursing or pregnant?

3.) Is patient running out of medication before appointment?

4.) Is patient responsible for any children under the age of 21?

5.) Has the patient used heroine in the past or is presently intravenously injecting, snorting, smoking or ingesting any prescription medication, heroine, methamphetamine, bath salts, cocaine, buprenorphine or taking any illicit street drugs?

6.) Has the patient been prescribed or taking a partial opioid agonist, full opioid agonist, anti-anxiety, anti-depressant, stimulant or bipolar medication?

7.) Patient is not selling or abusing medication?

8.) Is the patient injecting any drugs intravenously or through nasal passages?

9.) Is patient suicidal or had a suicide of a loved one in the past?

10.) Has patient been obtaining and ingesting any other full, partial or synthetic opioid medication from illegal or legal means?

11.) Opioids often taken in larger amounts or over a longer period of time than intended?

14.) Craving or strong desire to use opioids?

_____
_____
_____
_____

15.) Recurrent opioid use resulting in failure to fulfill major role obligations at work, school or home.

_____
_____
_____
_____

16.) Continued use despite knowledge of having a persistent or recurrent physical or psychological problem that is likely to have been caused or exacerbated by opioids?

_____
_____
_____
_____

I certify that all the answers to the following questions are correct and I sign and certify with my signature under penalty of law that I have answered the evaluation correctly and that the person being prescribed Partial opioid agnostic medication is not involved in illegal activities concerning drugs, sex trafficking, fraud, embezzlement, disturbing the peace, transfer of medication or be aiding in the manipulation of fetal embryo development and I do herby swear on my medical license that the application does not contain any false information and that I may be sued in a court of law under perjury of this acknowledgement that no harm from my prescribing will rest on the future of my patients health.

Doctor's Signature

X_____

Date

X_____

Medical License number

_____

DEA #

_____

Section 6. Submittal to Department of Health and Senior services

Every 7th day applications are to be submitted/mailed in paper format to the Department of Health and senior services 3418 Knipp Dr, Jefferson City, MO 65109.

Section 7. Section 196.155 to be amended and read as follows;

Penalties

Penalty. — Any person violating the provisions of section 196.150 shall be deemed guilty of a misdemeanor.

1. a.) Penalties for neglecting to preform proper urinary drug analysis and or complete the mental health check list or file applications with the Department of Health and Senior service pursuant to medications or substances contained in the common drugs of abuse and overdose death list found in section 3. will result in the following fine schedule will be payable to the TBD bureau.

b. After 24 hours late submission, a penalty of $1000.00 will be incurred.

c. The $1000.00-dollar penalty will be incurred daily to the prescriber of the medication listed in the common drugs of abuse and overdose death list until application has been received by the department of health and senior services.

d. Failure to preform proper urinary drug analysis, complete proper mental health check application or fraudulently signing application will result in

RECEIVED
MAR 12 2018
STATE AUDITORS OFFICE
ELECTIONS DIVISION
(573) 751-2301

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

March 12, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Theodis Brown regarding a proposed statutory amendment to Chapter 178 (2018-362)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Theodis Brown on March 12, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jay Ashcroft

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
MAR 12 2018
MO. SECRETARY OF STATE

Be it enacted by the people of Missouri, that chapter 178.smo.978 be invoke to recall entire unbonded board membership stice for gross mis-nonfeasences &unethical conducts mismanagement of taxpayer half billion $budget

Proposition

chief theodis brown <mpleifreprotectioncompany@gmail.com>

Tue 2/20/2018 3:39 PM

To: force1949 <force1949@hotmail.com>;

Cc: stlouispnyateeyenewspaper <stlouispnyateeyenewspaper@yahoo.com>;

2/22/2018

Mail - force1949@hotmail.com

County _____

Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a convicted imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for any person to sign any petition in the name of any other person or knowingly to sign his or her name more than once for the same measure or for the sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable _____ Secretary of State for the State of Missouri

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the _____ shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the ____ day of November, 20__, and each for himself or herself says: I have personally signed this petition. I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

(Person Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

Signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence. I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____ _____

Signature of Affiant (Person obtaining signatures) Street address of Affiant

_____ _____

Printed Name of Affiant City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, 20__.

_____ _____

Signature of Notary Notary Public (Seal)

_____ _____

Address of Notary My commission expires:

chief theouis brown <[illegible]>

Tue 2/20/2018 3:39 PM

To: force1949 <force1949@hotmail.com>;

Cc: stlouisprivateeyenewspaper <stlouisprivateeyenewspaper@yahoo.com>;

Be it enacted by the people of Missouri; shall chapter 178rsmo1978 be invoke to recall entire unbonded board membership stlcc for gross mal-mis-nonfeasences &unethical conducts mismanagement of taxpayer half billion $budget,

RECEIVED
MAR 07 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 7, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from James Owen regarding a proposed statutory amendment to Chapter 393 (2018-361)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by James Owen on March 6, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
MAR 06 2018
MO. SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
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11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri:

Sections 393.1025 through 393.1030, RSMo. are amended to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) ["Department", the department of natural resources;] "Division", the division of energy within the department of economic development;

(3) "Electric utility", any electrical corporation as defined by section 386.020;

(4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

(5) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate [rating] capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the [department] division.

393.1030. 1. The commission shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirement shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] fifteen percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] twenty percent for calendar years [2014] 2023 through [2017] 2027;

(3) No less than [ten] twenty-five percent for calendar years [2018] 2028 through [2020] 2034; and

(4) No less than [fifteen] thirty percent [in each] for calendar year [beginning in 2021] 2035 and each year thereafter.

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding any other provisions of this section, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of its rulemaking authority pursuant to subsection 7 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2020.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2018, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the

difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the [department] division to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's energy center] division solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection [2] 3 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection [2] 3 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5] 6. In carrying out the provisions of this section, the commission and the [department] division shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6] 7. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after [August 28, 2013] November 6, 2018, shall be invalid and void.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-361)

Subject

Initiative petition from James Owen regarding a proposed amendment to Chapter 393 of the Revised Statutes of Missouri. (Received March 7, 2018)

Date

March 27, 2018

Description

This proposal would amend Chapter 393 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Public Service Commission,** and the **Missouri Joint Municipal Electric Utility Commission**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development - Division of Energy** indicated the following:

This proposal amends existing statute sections 393.1025 and 393.1030, RSMo.

This proposal will affect Public Service Commission, Office of the Public Counsel.

To the extent utilities offer additional energy efficiency customer programs for RES compliance that reduce electricity costs of small businesses, and lower cost renewable energy is acquired by utilities, small businesses could benefit economically from this proposal. The maximum average retail utility rate increase of one percent in current law is not changed by this proposal so small businesses should not be adversely impacted by this proposal.

Passed in 2008 by initiative petition, the current Renewable Energy Standard (RES) requires Missouri's regulated electric utilities to meet defined percentages of total retail electricity sales by renewable resources, increasing to 15% by 2021 and annually thereafter. The Public Service Commission (PSC) determines compliance and has promulgated rule 4 CSR 240-20.100 to implement the RES provisions.

The Division of Energy's (DE) statutory authority under the RES law includes:
1. Certifying new eligible renewable resources (Section 393.1025(5) RSMo.); and
2. Certifying no undue adverse impacts of renewable electric generation facilities on air, water or land use, including impacts associated with the gathering of generation feedstocks (Section 393.1030.4 RSMo.).

DE has promulgated a rule to implement these provisions 4 CSR 340-8.010.

393.1025 – This section adds the Division of Energy to the definitions to reflect performance of RES statutory duties that transferred in 2013 with DE from the Department of Natural Resources to the Department of Economic Development. This section also modifies the description of hydropower, which would require a revision to DE's RES rule. This can be completed using existing resources.

393.1030 -- This section incrementally increases the RES percentages from 15% in 2020 to 30% in 2035 and annually thereafter and allows electricity savings from energy

efficiency programs to count towards compliance. DE assumes the PSC would account for the energy efficiency inclusion. The division receives applications for certification that renewable energy generation facilities cause no undue adverse environmental impacts. The number of annual applications to DE to certify renewable energy facilities is not expected to increase due to the incrementally higher RES requirements. A renewable generation facility is certified once and continues to generate over the life of the facility, and therefore continues to count toward RES compliance. The number of applications could also be offset by the electric energy savings from efficiency, which is not included in the estimates below.

Current RES statute requires 15% by January 1, 2021. Based on the historical number of applications for certification, DE assumes 30 applications for every 5% increase and an even distribution over the number of years from the start of one RES level to the next RES level. At the proposed RES levels, we estimate the following applications:

- By January 1, 2020: 15%. No additional applications are assumed due to the current RES requirement of 15% by January 1, 2021.
- By January 1, 2023: 20% (incremental increase of 5% from 2020 RES requirement) = 10 applications/year over 3 years.
- By January 1, 2028: 25% (incremental increase of 5%) = 6 applications/year over 5 years.
- By January 1, 2035 and ongoing: 30% (incremental increase of 5%) = 4 applications/year over 7 years.

DE assumes the increased application reviews and certifications can be completed using existing resources.

The Division of Energy assumes it can implement the provisions of this proposal with existing resources.

Officials from the **Department of Higher Education** indicated this initiative petition would not have an impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they are unable to estimate the impact of this legislation on their utility costs. However, based on research, including that completed by the Heritage Foundation, the proposed regulatory changes would be difficult to implement and could significantly increase costs to their department.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this initiative petition.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal would change the renewable energy statutes enacted pursuant to the Missouri Clean Energy Act (Proposition C) in November 2008. This should have no impact on Total State Revenue or the calculation under Article X, Section 18(e) of the Missouri Constitution.

OA-FMDC assumes that Missouri electric providers would be required to install new renewable energy sources to meet the requirements of this petition. According to the U.S. Energy Information Administration, renewable energy resources accounted for only 3.4% of Missouri's net electricity generation in 2016. https://www.eia.gov/state/?sid=MO. OA-FMDC assumes that capital costs for installing renewable energy equipment would make it more costly for electric providers to meet the requirements of this petition and that some of those costs would be passed along to consumers.

For the Office of Administration, OA-FMDC assumes that this petition would result in higher electricity costs for state facilities; however, OA-FMDC has no way of calculating how much that increase would be.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to their office for Administrative Rules is less than $2,500. Their office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated requiring utility companies to generate a much larger portion of their electricity from renewable energy sources will likely increase the cost of such electricity, but the fiscal impact of this initiative petition is UNKNOWN.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **Public Service Commission - Office of The Public Counsel (OPC)** indicated increased operating costs of $148,141 for fiscal year 2019, $173,208 for fiscal year 2020, and $174,867 for fiscal year 2021.

This proposal will affect the Division of Energy; Public Service Commission.

This initiative seeks to impose dramatically higher renewable energy standards for regulated investor-owned utilities at an undoubtedly substantial cost to Missourians.

393.1025
This initiative seeks to impose dramatically higher renewable energy standards for regulated investor-owned utilities. The nearly doubling of these standards will come at an extraordinary cost to Missourians.

This proposal will create additional proceedings before the Public Service Commission.

Given the experience of OPC on time spent litigating existing renewable energy standards, such a bill would likely require an additional auditor and one additional attorney.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community**

College, University of Missouri, St. Louis Community College, and the **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

State governmental entities estimate additional known costs of approximately $170,000 annually. State and local governmental entities anticipate possible increased costs of electricity, but the amount is unknown.

RECEIVED
MAR 06 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 6, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from James Owen regarding a proposed statutory amendment to Chapter 393, version 3 (2018-360)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by James Owen on March 5, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
MAR 05 2018
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri:

Sections 393.1025 through 393.1030, RSMo. are amended to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) ["Department", the department of natural resources;] "Division", the division of energy within the department of economic development;

(3) "Electric utility", any electrical corporation as defined by section 386.020;

(4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

(5) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate [rating] capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the [department] division.

393.1030. 1. The commission shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirement shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] twenty-seven percent for calendar years [2014] 2023 through [2017] 2025;

(3) No less than [ten] thirty-five percent for calendar years [2018] 2026 through [2020] 2029; [and]

(4) No less than forty percent for calendar years 2030 through 2034; and

[(4)] (5) No less than [fifteen] fifty percent [in each] for calendar year [beginning in 2021] 2035 and each year thereafter.

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding any other provisions of this section, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of its rulemaking authority pursuant to subsection 7 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2020.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2018, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates

shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the [department] division to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's energy center] division solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection [2] 3 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection [2] 3 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5] 6. In carrying out the provisions of this section, the commission and the [department] division shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6] 7. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after [August 28, 2013] November 6, 2018, shall be invalid and void.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-360)

Subject

Initiative petition from James Owen regarding a proposed amendment to Chapter 393 of the Revised Statutes of Missouri. (Received March 6, 2018)

Date

March 26, 2018

Description

This proposal would amend Chapter 393 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Public Service Commission,** and the **Missouri Joint Municipal Electric Utility Commission**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development - Division of Energy** indicated the following:

This proposal amends existing statute sections 393.1025 and 393.1030, RSMo.

This proposal will affect Public Service Commission, Office of the Public Counsel.

To the extent utilities offer additional energy efficiency customer programs for RES compliance that reduce electricity costs of small businesses, and lower cost renewable energy is acquired by utilities, small businesses could benefit economically from this proposal. The maximum average retail utility rate increase of one percent in current law is not changed by this proposal so small businesses should not be adversely impacted by this proposal.

Passed in 2008 by initiative petition, the current Renewable Energy Standard (RES) requires Missouri's regulated electric utilities to meet defined percentages of total retail electricity sales by renewable resources, increasing to 15% by 2021 and annually thereafter. The Public Service Commission (PSC) determines compliance and has promulgated rule 4 CSR 240-20.100 to implement the RES provisions.

The Division of Energy's (DE) statutory authority under the RES law includes:
1. Certifying new eligible renewable resources (Section 393.1025(5) RSMo.); and
2. Certifying no undue adverse impacts of renewable electric generation facilities on air, water or land use, including impacts associated with the gathering of generation feedstocks (Section 393.1030.4 RSMo.).

DE has promulgated a rule to implement these provisions 4 CSR 340-8.010.

393.1025 – This section adds the Division of Energy to the definitions to reflect performance of RES statutory duties that transferred in 2013 with DE from the Department of Natural Resources to the Department of Economic Development. This section also modifies the description of hydropower, which would require a revision to DE's RES rule. This can be completed using existing resources.

393.1030 -- This section incrementally increases the RES percentages from 20% in 2020 to 50% in 2035 and annually thereafter and allows electricity savings from energy

efficiency programs to count towards compliance. DE assumes the PSC would account for the energy efficiency inclusion. The division receives applications for certification that renewable energy generation facilities cause no undue adverse environmental impacts. The number of annual applications to DE to certify renewable energy facilities is not expected to increase due to the incrementally higher RES requirements. A renewable generation facility is certified once and continues to generate over the life of the facility, and therefore continues to count toward RES compliance. The number of applications could also be offset by the electric energy savings from efficiency, which is not included in the estimates below.

Current RES statute requires 15% by January 1, 2021. Based on the historical number of applications for certification, DE assumes 30 applications for every 5% increase and an even distribution over the number of years from the start of one RES level to the next RES level. At the proposed RES levels, we estimate the following applications:

- By January 1, 2020: 20%. (incremental increase of 10% from current 2018 RES requirement) = 30 applications/year over 2 years
- By January 1, 2023: 27% (incremental increase of 7% from 2020 RES requirement) = 14 applications/year over 3 years.
- By January 1, 2026: 35% (incremental increase of 8%) = 16 applications/year over 3 years.
- By January 1, 2030 and ongoing: 40% (incremental increase of 5%) = 7.5 applications/year over 4 years.
- By January 1, 2035 and ongoing: 50% (incremental increase of 10%) = 12 applications/year over 5 years.

DE assumes the increased application reviews and certifications can be completed using existing resources.

The Division of Energy assumes it can implement the provisions of this proposal with existing resources.

Officials from the **Department of Higher Education** indicated this initiative petition would not have an impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they are unable to estimate the impact of this legislation on their utility costs. However, based on research, including that completed by the Heritage Foundation, the proposed regulatory changes would be difficult to implement and could significantly increase costs to their department.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this initiative petition.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal would change the renewable energy statutes enacted pursuant to the Missouri Clean Energy Act (Proposition C) in November 2008. This should have no impact on Total State Revenue or the calculation under Article X, Section 18(e) of the Missouri Constitution.

OA-FMDC assumes that Missouri electric providers would be required to install new renewable energy sources to meet the requirements of this petition. According to the U.S. Energy Information Administration, renewable energy resources accounted for only 3.4% of Missouri's net electricity generation in 2016. https://www.eia.gov/state/?sid=MO. OA-FMDC assumes that capital costs for installing renewable energy equipment would make it more costly for electric providers to meet the requirements of this petition and that some of those costs would be passed along to consumers.

For the Office of Administration, OA-FMDC assumes that this petition would result in higher electricity costs for state facilities; however, OA-FMDC has no way of calculating how much that increase would be.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to their office for Administrative Rules is less than $2,500. Their office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and

the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated requiring utility companies to generate a much larger portion of their electricity from renewable energy sources will likely increase the cost of such electricity, but the fiscal impact of this initiative petition is UNKNOWN.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **Public Service Commission - Office of The Public Counsel (OPC)** indicated increased operating costs of $148,141 for fiscal year 2019, $173,208 for fiscal year 2020, and $174,867 for fiscal year 2021.

This proposal will affect the Division of Energy; Public Service Commission.

This initiative seeks to impose dramatically higher renewable energy standards for regulated investor-owned utilities at an undoubtedly substantial cost to Missourians.

393.1025
This initiative seeks to impose dramatically higher renewable energy standards for regulated investor-owned utilities. The nearly tripling of these standards will come at an extraordinary cost to Missourians.

This proposal will create additional proceedings before the Public Service Commission.

Given the experience of OPC on time spent litigating existing renewable energy standards, such a bill would likely require an additional auditor and one additional attorney.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of**

Wentzville, the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

State governmental entities estimate additional known costs of approximately $170,000 annually. State and local governmental entities anticipate possible increased costs of electricity, but the amount is unknown.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
MAR 06 2018
STATE AUDITOR'S OFFICE

March 6, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from James Owen regarding a proposed statutory amendment to Chapter 393, version 2 (2018-359)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by James Owen on March 5, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
MAR 05 2018
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri:

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(1) "Commission", the public service commission;

(2) ["Department", the department of natural resources;] "Division", the division of energy within the department of economic development;

(3) "Electric utility", any electrical corporation as defined by section 386.020;

(4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

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393.1030. 1. The commission shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirement shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] twenty-five percent for calendar years [2014] 2023 through [2017] 2025;

(3) No less than [ten] thirty percent for calendar years [2018] 2026 through [2020] 2029; [and]

(4) No less than thirty-five percent for calendar years 2030 through 2034; and

[(4)] (5) No less than [fifteen] forty percent [in each] for calendar year [beginning in 2021] 2035 and each year thereafter.

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding any other provisions of this section, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of its rulemaking authority pursuant to subsection 7 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2020.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2018, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates

shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the [department] division to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's energy center] division solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection [2] 3 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection [2] 3 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5] 6. In carrying out the provisions of this section, the commission and the [department] division shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6] 7. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after [August 28, 2013] November 6, 2018, shall be invalid and void.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-359)

Subject

Initiative petition from James Owen regarding a proposed amendment to Chapter 393 of the Revised Statutes of Missouri. (Received March 6, 2018)

Date

March 26, 2018

Description

This proposal would amend Chapter 393 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Public Service Commission,** and the **Missouri Joint Municipal Electric Utility Commission**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development - Division of Energy** indicated the following:

This proposal amends existing statute sections 393.1025 and 393.1030, RSMo.

This proposal will affect Public Service Commission, Office of the Public Counsel.

To the extent utilities offer additional energy efficiency customer programs for RES compliance that reduce electricity costs of small businesses, and lower cost renewable energy is acquired by utilities, small businesses could benefit economically from this proposal. The maximum average retail utility rate increase of one percent in current law is not changed by this proposal so small businesses should not be adversely impacted by this proposal.

Passed in 2008 by initiative petition, the current Renewable Energy Standard (RES) requires Missouri's regulated electric utilities to meet defined percentages of total retail electricity sales by renewable resources, increasing to 15% by 2021 and annually thereafter. The Public Service Commission (PSC) determines compliance and has promulgated rule 4 CSR 240-20.100 to implement the RES provisions.

The Division of Energy's (DE) statutory authority under the RES law includes:
1. Certifying new eligible renewable resources (Section 393.1025(5) RSMo.); and
2. Certifying no undue adverse impacts of renewable electric generation facilities on air, water or land use, including impacts associated with the gathering of generation feedstocks (Section 393.1030.4 RSMo.).

DE has promulgated a rule to implement these provisions 4 CSR 340-8.010.

393.1025 – This section adds the Division of Energy to the definitions to reflect performance of RES statutory duties that transferred in 2013 with DE from the Department of Natural Resources to the Department of Economic Development. This section also modifies the description of hydropower, which would require a revision to DE's RES rule. This can be completed using existing resources.

393.1030 -- This section incrementally increases the RES percentages from 20% in 2020 to 40% in 2035 and annually thereafter and allows electricity savings from energy

efficiency programs to count towards compliance. DE assumes the PSC would account for the energy efficiency inclusion. The division receives applications for certification that renewable energy generation facilities cause no undue adverse environmental impacts. The number of annual applications to DE to certify renewable energy facilities is not expected to increase due to the incrementally higher RES requirements. A renewable generation facility is certified once and continues to generate over the life of the facility, and therefore continues to count toward RES compliance. The number of applications could also be offset by the electric energy savings from efficiency, which is not included in the estimates below.

Current RES statute requires 15% by January 1, 2021. Based on the historical number of applications for certification, DE assumes 30 applications for every 5% increase and an even distribution over the number of years from the start of one RES level to the next RES level. At the proposed RES levels, we estimate the following applications:

- By January 1, 2020: 20%. (incremental increase of 10% from current 2018 RES requirement) = 30 applications/year over 2 years
- By January 1, 2023: 25% (incremental increase of 5% from 2020 RES requirement) = 10 applications/year over 3 years.
- By January 1, 2026: 30% (incremental increase of 5%) = 10 applications/year over 3 years.
- By January 1, 2030 and ongoing: 35% (incremental increase of 5%) = 7.5 applications/year over 4 years.
- By January 1, 2035 and ongoing: 40% (incremental increase of 5%) = 6 applications/year over 5 years.

DE assumes the increased application reviews and certifications can be completed using existing resources.

The Division of Energy assumes it can implement the provisions of this proposal with existing resources.

Officials from the **Department of Higher Education** indicated this initiative petition would not have an impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they are unable to estimate the impact of this legislation on their utility costs. However, based on research, including that completed by the Heritage Foundation, the proposed regulatory changes would be difficult to implement and could significantly increase costs to their department.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this initiative petition.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal would change the renewable energy statutes enacted pursuant to the Missouri Clean Energy Act (Proposition C) in November 2008. This should have no impact on Total State Revenue or the calculation under Article X, Section 18(e) of the Missouri Constitution.

OA-FMDC assumes that Missouri electric providers would be required to install new renewable energy sources to meet the requirements of this petition. According to the U.S. Energy Information Administration, renewable energy resources accounted for only 3.4% of Missouri's net electricity generation in 2016. https://www.eia.gov/state/?sid=MO. OA-FMDC assumes that capital costs for installing renewable energy equipment would make it more costly for electric providers to meet the requirements of this petition and that some of those costs would be passed along to consumers.

For the Office of Administration, OA-FMDC assumes that this petition would result in higher electricity costs for state facilities; however, OA-FMDC has no way of calculating how much that increase would be.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to their office for Administrative Rules is less than $2,500. Their office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and

the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated requiring utility companies to generate a much larger portion of their electricity from renewable energy sources will likely increase the cost of such electricity, but the impact of this initiative petition is UNKNOWN.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **Public Service Commission - Office of The Public Counsel (OPC)** indicated increased operating costs of $148,141 for fiscal year 2019, $173,208 for fiscal year 2020, and $174,867 for fiscal year 2021.

This proposal will affect the Division of Energy; Public Service Commission.

This initiative seeks to impose dramatically higher renewable energy standards for regulated investor-owned utilities at an undoubtedly substantial cost to Missourians.

393.1025
This initiative seeks to impose dramatically higher renewable energy standards for regulated investor-owned utilities. The nearly tripling of these standards will come at an extraordinary cost to Missourians.

This proposal will create additional proceedings before the Public Service Commission.

Given the experience of OPC on time spent litigating existing renewable energy standards, such a bill would likely require an additional auditor and one additional attorney.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of**

Wentzville, the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

State governmental entities estimate additional known costs of approximately $170,000 annually. State and local governmental entities anticipate possible increased costs of electricity, but the amount is unknown.

RECEIVED
MAR 0 1 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 1, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article IV (2018-358)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on March 1, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of Section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the State of Missouri and _____County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____. I, _____ being first duly sworn, say
(print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS Street, No PO Boxes (City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.	/ /				
2.	/ /				
3.	/ /				
4.	/ /				
5.	/ /				
6.	/ /				
7.	/ /				
8.	/ /				
9.	/ /				
10.	/ /				

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the State of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do X do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer National Ballot Access.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant (Person obtaining signatures)

_____
Address of Affiant (Person obtaining signatures)

Subscribed and sworn to before me this _____day of _____, A.D. _____.

_____
Signature of Notary

_____
Address of Notary

Notary Public (Seal)

My Commission expires _____.

Be it resolved by the people of the State of Missouri that the Constitution be amended:

Section 30 of article IV of the Constitution of Missouri is amended by adding Section 30(E). The new section includes the following underlined language:

Monies collected from a one tenth of one percent sales tax will be used for the purpose of developing a third lane for trucks in both directions from St. Louis to Joplin on Interstate I -44. Said tax will sunset after three years.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

STATE AUDITOR'S OFFICE
RECEIVED
FEB 28 2018
RECEIVED

February 28, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article I (2018-357)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on February 27, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of Section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the State of Missouri and _____County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____. I, _____ being first duly sworn, say
(print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS Street, No PO Boxes (City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.	/ /				
2.	/ /				
3.	/ /				
4.	/ /				
5.	/ /				
6.	/ /				
7.	/ /				
8.	/ /				
9.	/ /				
10.	/ /				

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the State of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do _x_ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer National Ballot Access.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant (Person obtaining signatures)

_____
Address of Affiant (Person obtaining signatures)

Subscribed and sworn to before me this _____day of _____, A.D. _____.

_____
Signature of Notary

_____
Address of Notary

Notary Public (Seal)

My Commission expires _____.

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article I Bill of Rights is amended by adding one new section to be known as Section 32, to read as follows:

Be it enacted by the People of the state of Missouri:

The United States Constitution being the Supreme Law of the Land, the State of Missouri hereby affirms the 1st Amendment rights to free speech and to petition be protected by allowing petitioning in all outdoor spaces that are open and accessible to the public whether public or private property.

RECEIVED
FEB 16 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 16, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Matthew Patterson regarding a proposed statutory amendment to Chapter 393, version 3 (2018-356)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Matthew Patterson on February 15, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

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INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
2018 FEB 15 PM 3:
SEC. OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri:

Sections 393.1025 through 393.1030, RSMo. are amended to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) ["Department", the department of natural resources;] "Division", the division of energy within the department of economic development;

(3) "Electric utility", any electrical corporation as defined by section 386.020;

(4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

(5) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate [rating] capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the [department] division.

393.1030. 1. The commission shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirements shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] twenty-seven percent for calendar years [2014] 2023 through [2017] 2025;

(3) No less than [ten] thirty-five percent for calendar years [2018] 2026 through [2020] 2029; [and]

(4) No less than forty percent for calendar years 2030 through 2034; and

[(4)] (5) No less than [fifteen] fifty percent [in each] for calendar year [beginning in 2021] 2035 and each year thereafter.

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding any other provisions of this section, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of its rulemaking authority pursuant to subsection 7 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2020.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2018, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates

shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the [department] division to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's energy center] division solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection [2] 3 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection [2] 3 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5] 6. In carrying out the provisions of this section, the commission and the [department] division shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6] 7. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after [August 28, 2013] November 6, 2018, shall be invalid and void.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

RECEIVED
FEB 16 2018
STATE AUDITORS OFFICE

ELECTIONS DIVISION
(573) 751-2301

February 16, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Matthew Patterson regarding a proposed statutory amendment to Chapter 393, version 2 (2018-355)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Matthew Patterson on February 15, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri:

Sections 393.1025 through 393.1030, RSMo. are amended to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) ["Department", the department of natural resources;] "Division", the division of energy within the department of economic development;

(3) "Electric utility", any electrical corporation as defined by section 386.020;

(4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

(5) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate [rating] capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the [department] division.

393.1030. 1. The commission shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirements shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] twenty-five percent for calendar years [2014] 2023 through [2017] 2025;

(3) No less than [ten] thirty percent for calendar years [2018] 2026 through [2020] 2029; [and]

(4) No less than thirty-five percent for calendar years 2030 through 2034; and

[(4)] (5) No less than [fifteen] forty percent [in each] for calendar year [beginning in 2021] 2035 and each year thereafter.

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding any other provisions of this section, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of its rulemaking authority pursuant to subsection 7 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2020.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2018, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates

shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the [department] division to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's energy center] division solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection [2] 3 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection [2] 3 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

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SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
FEB 16 2018
STATE AUDITORS OFFICE

February 16, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Matthew Patterson regarding a proposed statutory amendment to Chapter 393, version 1 (2018-354)

Dear Auditor Galloway:

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Thank you for your immediate consideration of this request.

Sincerely,

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cc: Hon. Joshua D. Hawley
Sheri Hoffman
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County _____
Page _____

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(Official Ballot Title)

RECEIVED
2018 FEB 15 PM 3:3
SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
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FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

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_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

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393.1030. 1. The commission shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirement shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] fifteen percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] twenty percent for calendar years [2014] 2023 through [2017] 2027;

(3) No less than [ten] twenty-five percent for calendar years [2018] 2028 through [2020] 2034; and

(4) No less than [fifteen] thirty percent [in each] for calendar year [beginning in 2021] 2035 and each year thereafter.

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding any other provisions of this section, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of its rulemaking authority pursuant to subsection 7 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2020.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2018, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the

difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the [department] division to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's energy center] division solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection [2] 3 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection [2] 3 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5] 6. In carrying out the provisions of this section, the commission and the [department] division shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6] 7. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after [August 28, 2013] November 6, 2018, shall be invalid and void.

STATE AUDITOR'S OFFICE
RECEIVED
FEB 09 2018

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 9, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from James Owens regarding a proposed statutory amendment to Chapter 393, version 3 (2018-353)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by James Owens on February 9, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri:

Sections 393.1025 through 393.1030, RSMo. are repealed and two new sections are enacted in lieu thereof, to be known as Sections 393.1025 and 393.1030, to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) ["Department", the department of natural resources;] "Division", the division of energy within the department of economic development;

(3) "Electric utility", any electrical corporation as defined by section 386.020;

(4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

(5) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate [rating] capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the [department] division.

393.1030. 1. The commission shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirements shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] twenty-seven percent for calendar years [2014] 2023 through [2017] 2025;

(3) No less than [ten] thirty-five percent for calendar years [2018] 2026 through [2020] 2029; [and]

(4) No less than forty percent for calendar years 2030 through 2034; and

[(4)] (5) No less than [fifteen] fifty percent [in each] for calendar year [beginning in 2021] 2035 and each year thereafter;

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding any other provisions of this section, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of its rulemaking authority pursuant to subsection 7 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2020.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2018, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated,

owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the [department] division to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's energy center] division solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection 2 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection 2 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5] 6. In carrying out the provisions of this section, the commission and the [department] division shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6] 7. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after [August 28, 2013]November 6, 2018, shall be invalid and void.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
FEB 09 2018

February 9, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from James Owens regarding a proposed statutory amendment to Chapter 393, version 2 (2018-352)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by James Owens on February 9, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
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10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri:

Sections 393.1025 through 393.1030, RSMo. are repealed and two new sections are enacted in lieu thereof, to be known as Sections 393.1025 and 393.1030, to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) ["Department", the department of natural resources;] "Division", the division of energy within the department of economic development;

(3) "Electric utility", any electrical corporation as defined by section 386.020;

(4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

(5) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate [rating] capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the [department] division.

393.1030. 1. The commission shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirements shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] twenty-five percent for calendar years [2014] 2023 through [2017] 2025;

(3) No less than [ten] thirty percent for calendar years [2018] 2026 through [2020] 2029; [and]

(4) No less than thirty-five percent for calendar years 2030 through 2034; and

[(4)] (5) No less than [fifteen] forty percent [in each] for calendar year [beginning in 2021] 2035 and each year thereafter;

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding any other provisions of this section, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of its rulemaking authority pursuant to subsection 7 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2020.

[2.] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2018, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated,

owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the [department] division to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's energy center] division solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection 2 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection 2 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5] 6. In carrying out the provisions of this section, the commission and the [department] division shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6] 7. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after [August 28, 2013]November 6, 2018, shall be invalid and void.

STATE A ICE
RECEIVED
FEB 0 9

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 9, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from James Owens regarding a proposed statutory amendment to Chapter 393, version 1 (2018-351)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by James Owens on February 9, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri:

Sections 393.1025 through 393.1030, RSMo. are repealed and two new sections are enacted in lieu thereof, to be known as Sections 393.1025 and 393.1030, to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) ["Department", the department of natural resources;] "Division", the division of energy within the department of economic development;

(3) "Electric utility", any electrical corporation as defined by section 386.020;

(4) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

(5) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate [rating] capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the [department] division.

393.1030. 1. The commission shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirements shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] fifteen percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] twenty percent for calendar years [2014] 2023 through [2017] 2027;

(3) No less than [ten] twenty-five percent for calendar years [2018] 2028 through [2020] 2034; and

(4) No less than [fifteen] thirty percent [in each] for calendar year [beginning in 2021] 2035 and each year thereafter;

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding any other provisions of this section, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of its rulemaking authority pursuant to subsection 7 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2020.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2018, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates

shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the [department] division to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's energy center] division solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection 2 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection 2 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5] 6. In carrying out the provisions of this section, the commission and the [department] division shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6] 7. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after [August 28, 2013]November 6, 2018, shall be invalid and void.

RECEIVED
FEB 01 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 1, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Andrew Linhares regarding a proposed statutory amendment to Chapter 393, version 3 (2018-350)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Andrew Linhares on January 31, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
2018 JAN 31 PM 2:21
SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri:

Sections 393.1025 through 393.1030, RSMo. are repealed and two new sections are enacted in lieu thereof, to be known as Sections 393.1025 and 393.1030, to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) ["Department", the department of natural resources;]

(3) "Division", the division of energy within the department of economic development;

[(3)] (4) "Electric utility", any electrical corporation as defined by section 386.020;

[(4)] (5) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

[(5)] (6) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate [rating] capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the [department] division.

393.1030. 1. The commission shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirements shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] twenty-seven percent for calendar years [2014] 2023 through [2017] 2025;

(3) No less than [ten] thirty-five percent for calendar years [2018] 2026 through [2020] 2029; [and]

(4) No less than forty percent for calendar years 2030 through 2034; and

[(4)] (5) No less than [fifteen] fifty percent [in each] for calendar year [beginning in] 2035 and each year thereafter;

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding any other provisions of this section, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of its rulemaking authority pursuant to subsection 7 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2020.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2019, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail

rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the department to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's] division's energy center solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection 2 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection 2 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5] 6. In carrying out the provisions of this section, the commission and the [department] division shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6] 7. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 201[3]8, shall be invalid and void.

RECEIVED
FEB 01 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 1, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Andrew Linhares regarding a proposed statutory amendment to Chapter 393, version 2 (2018-349)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Andrew Linhares on January 31, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
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10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri:

Sections 393.1025 through 393.1030, RSMo. are repealed and two new sections are enacted in lieu thereof, to be known as Sections 393.1025 and 393.1030, to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) ["Department", the department of natural resources;]

(3) "Division", the division of energy within the department of economic development;

[(3)] (4) "Electric utility", any electrical corporation as defined by section 386.020;

[(4)] (5) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

[(5)] (6) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate [rating] capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the [department] division.

393.1030. 1. The commission shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirements shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] twenty-five percent for calendar years [2014] 2023 through [2017] 2025;

(3) No less than [ten] thirty percent for calendar years [2018] 2026 through [2020] 2029; [and]

(4) No less than thirty-five percent for calendar years 2030 through 2034; and

[(4)] (5) No less than [fifteen] forty percent [in each] for calendar year [beginning in] 2035 and each year thereafter;

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding any other provisions of this section, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of its rulemaking authority pursuant to subsection 7 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2020.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2019, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail

rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the department to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's] division's energy center solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection 2 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection 2 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5] 6. In carrying out the provisions of this section, the commission and the [department] division shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6] 7. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 201[3]8, shall be invalid and void.

RECEIVED
FEB 01 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 1, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Andrew Linhares regarding a proposed statutory amendment to Chapter 393, version 1 (2018-348)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Andrew Linhares on January 31, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
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14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri:

Sections 393.1025 through 393.1030, RSMo. are repealed and two new sections are enacted in lieu thereof, to be known as Sections 393.1025 and 393.1030, to read as follows:

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) "Department", the department of natural resources;

(3) "Division", the division of energy within the department of economic development;

[(3)] (4) "Electric utility", any electrical corporation as defined by section 386.020;

[(4)] (5) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

[(5)] (6) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate [rating] capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the [department] division.

393.1030. 1. The commission shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirements shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] fifteen percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] twenty percent for calendar years [2014] 2023 through [2017] 2027;

(3) No less than [ten] twenty-five percent for calendar years [2018] 2028 through [2020] 2034; and

(4) No less than [fifteen] thirty percent [in each] for calendar year [beginning in] 2035 and each year thereafter;

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding any other provisions of this section, an electric utility may comply with this section using energy savings captured due to energy efficiency or demand-side measures. As part of its rulemaking authority pursuant to subsection 7 of this section, the commission shall prescribe a rule allowing an electric utility to comply with the portfolio requirements of subsection 1 of this section using verified megawatt-hour savings captured due to commission-approved demand-side programs under section 393.1075 during each compliance year, whether such annual energy savings is due to measures installed in that compliance year or in previous compliance years beginning with 2020.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2019, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the

difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the [department] division to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's] division's energy center solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection 2 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection 2 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

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[6] 7. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 201[3]8, shall be invalid and void.

RECEIVED
JAN 22 2018
STATE AUDITORS OFFICE
ELECTIONS DIVISION
(573) 751-2301

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

January 22, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Theodis Brown regarding a proposed statutory amendment to Chapter 506 (2018-347)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Theodis Brown on January 22, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
JAN 22 2018
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Street address of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires: _____

BE IT ENACTED BY THE PEOPLES OF THE STATE OF MISSOURI;
SECTION; 506.145 RSMO 2017 &OF THE REVISED MISSOURI STATUTES ARE HEREBY AMENDED,TO READ AS FOLLOW;

506.145. Process server authorized to carry concealed firearm. — Any person authorized to issue or serve process is authorized to carry a concealed firearm, the provisions of any other law to the contrary notwithstanding.

RECEIVED
JAN 19 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 19, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed statutory amendment (2018-346)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Steven Reed on January 19, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, not withstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
2018 JAN 19 AM 9:16

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____.

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street)	(City, Town, or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20_____

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the People of the state of Missouri:

That no landlord in the state may evict a tenant for non-payment of rent unless they are in arears for a period greater than 30 days (60 days for a tenant older than 65 or who is legally disabled).

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
JAN 19 2018
STATE AUDITORS OFFICE

January 19, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed statutory amendment (2018-345)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Steven Reed on January 19, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, not withstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
2018 JAN 19 AM 9:15
SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____.

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street)	(City, Town, or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20_____

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the People of the state of Missouri:

Water, being necessary for life, that no county, municipality or co-operative may not disconnect for non-payment the water supply to any customer without a minimum notice of at least three months, (six months for customers over the age of 65 or with a legal disability).

RECEIVED
JAN 19 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 19, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed statutory amendment (2018-344)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Steven Reed on January 19, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, not withstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2018 JAN 19 AM 9:15
SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____.

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street)	(City, Town, or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20_____

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the People of the state of Missouri:

The United States Constitution being the Supreme Law of the Land, the State of Missouri hereby affirms the 1st Amendment rights to free speech and to petition be protected by allowing petitioning in all outdoor spaces that are open and accessible to the public whether public or private property.

RECEIVED
JAN 19 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 19, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article IV (2018-343)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on January 19, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Section 36(a) of Article IV of the Constitution of Missouri is amended by modifying Section 36(a). The existing Section 36(a) is set forth hereinafter with the new matter underlined.

Section 36(a). **Economic development, department of - duties of department - director, how appointed.** - The department of economic development shall be in charge of a director appointed by the governor, by and with the advice and consent of the senate. The department shall administer all programs provided by law relating to the promotion of the economy of the state, the economic development of the state, trade and business, technology development and other activities and programs impacting on the economy of the state.

A state sales tax of one tenth of one percent will provide additional money for the State Economic Development Department to be used solely for the promotion and development of "Technology Parks in Missouri. Technology Parks serve as incubators helping create new companies, jobs, and research and development. Cities will be able to apply with the State of Missouri to have certified technology park status. Local counties or cities operating in the state may place voting yes or no on their ballot to seek approval or disapproval of the People.

The one year sales/use tax of one tenth of one percent (referred to above) is hereby levied and imposed upon all sellers for the privilege of selling tangible personal property or rendering taxable services at retail in this state upon the sales and services which now are or hereafter are listed and set forth in, and, except as to the amount of tax, subject to the provisions of and to be collected as provide in the "Sales Tax Law" and subject to the rules and regulations promulgated in connection therewith; the one year sales/use tax of one tenth of one percent is levied and imposed for the privilege of storing, using or consuming within this state any article of tangible personal property as set forth and provided in the "Compensating Use Tax Law" and, except as to the amount of the tax, subject to the provisions of and to be collected as provided in the "Compensating Tax Law" and subject to the rules and regulations promulgated in connection therewith. A Technology Park foundation will be established in name and accept any offered funding for a period of forever.

Schedule

Section 36(a) amendment. All of the provisions of 36(a) amendment shall be self-enforcing except that the general assembly shall adjust brackets for the collection of the sales and use taxes. The above one tenth of one percent sales/use tax will sunset one year after imposition.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

RECEIVED
JAN 17 2018
STATE AUDITORS OFFICE
ELECTIONS DIVISION
(573) 751-2301

January 17, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Andrew Linhares regarding a proposed statutory amendment to Chapter 393, version 6 (2018-342)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Andrew Linhares on January 16, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John P. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri, as follows:

Section A. Sections 393.1025 through 393.1030, RSMo. are repealed and two new sections are enacted in lieu thereof, to be known as Sections 393.1025 and 393.1030, to read as follows:

393.1025. Definitions. — As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) "Department", the department of natural resources;

(3) "Division", the division of energy within the department of economic development;

(4) "Governing Body", the body with jurisdiction over any municipal electric utility or rural electric cooperative as provided in chapter 394;

[(3)] (5) "Electric utility", any electrical corporation as defined by section 386.020;

[(4)] (6) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

[(5)] (7) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate [rating] capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the [department] division.

(8) "Retail electric supplier", any municipal utility, electrical corporation regulated under chapter 386, or rural electric cooperative under chapter 394 that provides retail electric service in this state.

393.1030. 1. The commission or governing body shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all [electric utilities] retail electric suppliers to generate or purchase electricity generated from renewable energy resources. Such portfolio requirements shall provide that electricity from renewable energy resources shall constitute the following portions of each [electric utility's] retail electric supplier's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] thirty percent for calendar years [2014] 2023 through [2017] 2025;

(3) No less than [ten] forty percent for calendar years [2018] 2026 through [2020] 2029; and

(4) No less than [fifteen] fifty percent [in each] for calendar year [beginning in 2021] 2030 and each year thereafter;

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding subsection 4, each retail electric supplier may comply with the portfolio requirements using electricity savings based on energy efficiency measures installed pursuant to a commission-approved demand-side program under section 393.1075 in the case of electrical corporations organized under this chapter, or pursuant to a demand-side program approved by the governing body in the case of municipal utilities and rural electric cooperatives under chapter 394. All savings from energy efficiency measures used to comply with the portfolio requirements of this section shall be verified by an evaluation, measurement, and verification process as specified by the commission or governing body.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2019, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. A retail electric supplier may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the retail electric supplier and sold to Missouri customers. A[n electric utility] retail electric supplier may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission or governing body, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the [electric utility's] retail electric supplier's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of

greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. A[n electric utility] retail electric supplier will be excused if it proves to the commission or governing body that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the department to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's] division's energy center solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each [electric utility] retail electric supplier in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those [electrical corporations] electric utilities that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 20[17]30; [fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020;] and zero cents per watt for systems becoming operational after June 30, 20[20]30. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 20[20]30, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection 2 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection 2 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission or governing body, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5] 6. In carrying out the provisions of this section, the commission or governing body and the [department] division shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6] 7. The commission or governing body shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 201[3]8, shall be invalid and void.

RECEIVED
JAN 17 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 17, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Andrew Linhares regarding a proposed statutory amendment to Chapter 393, version 5 (2018-341)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Andrew Linhares on January 16, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jay Ashcroft

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

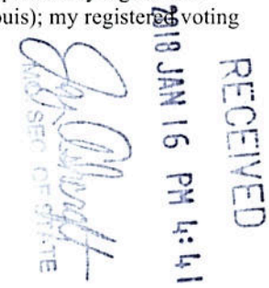
County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John P. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.



(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri, as follows:

Section A. Sections 393.1025 through 393.1030, RSMo. are repealed and two new sections are enacted in lieu thereof, to be known as Sections 393.1025 and 393.1030, to read as follows:

393.1025. Definitions. — As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) "Department", the department of natural resources;

(3) "Division", the division of energy within the department of economic development;

(4) "Governing Body", the body with jurisdiction over any municipal electric utility or rural electric cooperative as provided in chapter 394;

[(3)] (5) "Electric utility", any electrical corporation as defined by section 386.020;

[(4)] (6) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

[(5)] (7) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate [rating] capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the [department] division.

(8) "Retail electric supplier", any municipal utility, electrical corporation regulated under chapter 386, or rural electric cooperative under chapter 394 that provides retail electric service in this state.

393.1030. 1. The commission or governing body shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all [electric utilities] retail electric suppliers to generate or purchase electricity generated from renewable energy resources. Such portfolio requirements shall provide that electricity from renewable energy resources shall constitute the following portions of each [electric utility's] retail electric supplier's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] twenty-seven percent for calendar years [2014] 2023 through [2017] 2025;

(3) No less than [ten] thirty-five percent for calendar years [2018] 2026 through [2020] 2029; and

(4) No less than [fifteen] forty percent [in each] for calendar year [beginning in 2021] 2030 and each year thereafter;

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding subsection 4, each retail electric supplier may comply with the portfolio requirements using electricity savings based on energy efficiency measures installed pursuant to a commission-approved demand-side program under section 393.1075 in the case of electrical corporations organized under this chapter, or pursuant to a demand-side program approved by the governing body in the case of municipal utilities and rural electric cooperatives under chapter 394. All savings from energy efficiency measures used to comply with the portfolio requirements of this section shall be verified by an evaluation, measurement, and verification process as specified by the commission or governing body.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2019, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. A retail electric supplier may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the retail electric supplier and sold to Missouri customers. A[n electric utility] retail electric supplier may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission or governing body, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the [electric utility's] retail electric supplier's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of

greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. A[n electric utility] retail electric supplier will be excused if it proves to the commission or governing body that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the [department] division to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's] division's energy center solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each [electric utility] retail electric supplier in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection 2 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection 2 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission or governing body, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5] 6. In carrying out the provisions of this section, the commission or governing body and the department shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6] 7. The commission or governing body shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 201[3]8, shall be invalid and void.

RECEIVED
JAN 17 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 17, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Andrew Linhares regarding a proposed statutory amendment to Chapter 393, version 4 (2018-340)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Andrew Linhares on January 16, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John P. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
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11.					
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14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri, as follows:

Section A. Sections 393.1025 through 393.1030, RSMo. are repealed and two new sections are enacted in lieu thereof, to be known as Sections 393.1025 and 393.1030, to read as follows:

393.1025. Definitions. — As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) "Department", the department of natural resources;

(3) "Division", the division of energy within the department of economic development;

(4) "Governing Body", the body with jurisdiction over any municipal electric utility or rural electric cooperative as provided in chapter 394;

[(3)] (5) "Electric utility", any electrical corporation as defined by section 386.020;

[(4)] (6) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

[(5)] (7) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate [rating] capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the [department] division.

(8) "Retail electric supplier", any municipal utility, electrical corporation regulated under chapter 386, or rural electric cooperative under chapter 394 that provides retail electric service in this state.

393.1030. 1. The commission or governing body shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all [electric utilities] retail electric suppliers to generate or purchase electricity generated from renewable energy resources. Such portfolio requirements shall provide that electricity from renewable energy resources shall constitute the following portions of each [electric utility's] retail electric supplier's sales:

(1) No less than [two] fifteen percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] twenty percent for calendar years [2014] 2023 through [2017] 2025;

(3) No less than [ten] twenty-five percent for calendar years [2018] 2026 through [2020] 2029; and

(4) No less than [fifteen] thirty percent [in each] for calendar year [beginning in] [2021] 2030 and each year thereafter;

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding subsection 4, each retail electric supplier may comply with the portfolio requirements using electricity savings based on energy efficiency measures installed pursuant to a commission-approved demand-side program under section 393.1075 in the case of electrical corporations organized under this chapter, or pursuant to a demand-side program approved by the governing body in the case of municipal utilities and rural electric cooperatives under chapter 394. All savings from energy efficiency measures used to comply with the portfolio requirements of this section shall be verified by an evaluation, measurement, and verification process as specified by the commission or governing body.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2019, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. A retail electric supplier may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the retail electric supplier and sold to Missouri customers. A[n electric utility] retail electric supplier may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission or governing body, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the [electric utility's] retail electric supplier's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. A[n electric utility] retail electric supplier will be excused if it proves to the commission or governing body that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the [department] division to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's] division's energy center solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each [electric utility] retail electric supplier in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection 2 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection 2 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission or governing body, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5] 6. In carrying out the provisions of this section, the commission or governing body and the department shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6] 7. The commission or governing body shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 201[3]8, shall be invalid and void.

RECEIVED
JAN 17 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 17, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Andrew Linhares regarding a proposed statutory amendment to Chapter 393, version 3 (2018-339)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Andrew Linhares on January 16, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John P. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
2018 JAN 16 PM 4:34
SEC OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri, as follows:

Section A. Sections 393.1025 through 393.1030, RSMo. are repealed and two new sections are enacted in lieu thereof, to be known as Sections 393.1025 and 393.1030, to read as follows:

393.1025. Definitions. — As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) ["Department", the department of natural resources;]

(3) "Division", the division of energy within the department of economic development;

[(3)] (4) "Electric utility", any electrical corporation as defined by section 386.020;

[(4)] (5) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and]

[(5)] (6) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate [rating] capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the [department] division.

393.1030. 1. The commission shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirements shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] thirty percent for calendar years [2014] 2023 through [2017] 2025;

(3) No less than [ten] forty percent for calendar years [2018] 2026 through [2020] 2029; and

(4) No less than [fifteen] fifty percent [in each] for calendar year [beginning in] 2030 and each year thereafter;

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding subsection 4, each electric utility may comply with the portfolio requirements using electricity savings based on energy efficiency measures installed pursuant to a commission-approved demand-side management program under section 393.1075.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2019, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average

retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the department to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's] division's energy center solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those [electrical corporations] electric utilities that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 20[19]30; [twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020;] and zero cents per watt for systems becoming operational after June 30, 20[20]30. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 20[20]30, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection 2 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection 2 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5] 6. In carrying out the provisions of this section, the commission and the [department] division shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6] 7. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 201[3]8, shall be invalid and void.

RECEIVED
JAN 17 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 17, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Andrew Linhares regarding a proposed statutory amendment to Chapter 393, version 2 (2018-338)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Andrew Linhares on January 16, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John P. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2018 JAN 16 PM 4:33
SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____	_____	_____
Signature of Affiant (Person obtaining signatures)	(Printed Name of Affiant)	Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____	_____
Signature of Notary	Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri, as follows:

Section A. Sections 393.1025 through 393.1030, RSMo. are repealed and two new sections are enacted in lieu thereof, to be known as Sections 393.1025 and 393.1030, to read as follows:

393.1025. Definitions. — As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) ["Department", the department of natural resources;]

(3) "Division", the division of energy within the department of economic development;

[(3)] (4) "Electric utility", any electrical corporation as defined by section 386.020;

[(4)] (5) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

[(5)] (6) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate [rating] capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the [department] division.

393.1030. 1. The commission shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirements shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] twenty percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] twenty-seven percent for calendar years [2014] 2023 through [2017] 2025;

(3) No less than [ten] thirty-five percent for calendar years [2018] 2026 through [2020] 2029; and

(4) No less than [fifteen] forty percent [in each] for calendar year [beginning in] 2030 and each year thereafter;

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding subsection 4, each electric utility may comply with the portfolio requirements using electricity savings based on energy efficiency measures installed pursuant to a commission-approved demand-side management program under section 393.1075.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2019, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average

retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the department to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's] division's energy center solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection 2 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection 2 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5] 6. In carrying out the provisions of this section, the commission and the [department] division shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6] 7. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 201[3]8, shall be invalid and void.

RECEIVED
JAN 17 2018
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 17, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Andrew Linhares regarding a proposed statutory amendment to Chapter 393, version 1 (2018-337)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Andrew Linhares on January 16, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John P. (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2018 JAN 16 PM 4:32
SEC. OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the people of the state of Missouri, as follows:

Section A. Sections 393.1025 through 393.1030, RSMo. are repealed and two new sections are enacted in lieu thereof, to be known as Sections 393.1025 and 393.1030, to read as follows:

393.1025. Definitions. — As used in sections 393.1020 to 393.1030, the following terms mean:

(1) "Commission", the public service commission;

(2) "Department", the department of natural resources;

(3) "Division", the division of energy within the department of economic development;

[(3)] (4) "Electric utility", any electrical corporation as defined by section 386.020;

[(4)] (5) "Renewable energy credit" or "REC", a tradeable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources; and

[(5)] (6) "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills, from agricultural operations, or from wastewater treatment, thermal depolymerization or pyrolysis for converting waste material to energy, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a total facility nameplate [rating] capacity of ten megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after November 4, 2008, and are certified as renewable by rule by the [department] division.

393.1030. 1. The commission shall, in consultation with the [department] division, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirements shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(1) No less than [two] fifteen percent for calendar years [2011] 2020 through [2013] 2022;

(2) No less than [five] twenty percent for calendar years [2014] 2023 through [2017] 2025;

(3) No less than [ten] twenty-five percent for calendar years [2018] 2026 through [2020] 2029; and

(4) No less than [fifteen] thirty percent [in each] for calendar year [beginning in] 2030 and each year thereafter;

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. [A utility may comply with the standard in whole or in part by purchasing RECs.] Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

2. Notwithstanding subsection 4, each electric utility may comply with the portfolio requirements using electricity savings based on energy efficiency measures installed pursuant to a commission-approved demand-side program under section 393.1075.

[2] 3. The commission, in consultation with the [department] division and within one year of November [4] 6, [2008] 2019, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with sections 393.1020 to 393.1030 and may not also be used to satisfy any similar nonfederal requirement. An electric utility may comply with the standard in whole or in part by purchasing RECs, provided that such RECs are associated with electricity produced or procured by the electric utility and sold to Missouri customers. An electric utility may not use a credit derived from a green pricing program towards compliance with the standard. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission, except where the [department] division is specified, shall make whatever rules are necessary to enforce the renewable energy standard. Such rules shall include:

(1) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely nonrenewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation. Notwithstanding the foregoing, until June 30, 2020, if the maximum average retail rate increase would be less than or equal to one percent if an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility is ignored for purposes of calculating the increase, then additional solar rebates shall be paid and included in rates in an amount up to the amount that would produce a retail rate increase equal to the difference between a one percent retail rate increase and the retail rate increase calculated when ignoring an electric utility's investment in solar-related projects initiated, owned, or operated by the electric utility. Notwithstanding any provision to the contrary in this section, even if the payment of additional solar rebates will produce a maximum average

retail rate increase of greater than one percent when an electric utility's investment in solar-related projects initiated, owned or operated by the electric utility are included in the calculation, the additional solar rebate costs shall be included in the prudently incurred costs to be recovered as contemplated by subdivision (4) of this subsection;

(2) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1 of this section. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the [department] division to purchase renewable energy credits needed for compliance. Any excess forfeited revenues shall be used by the [department's] division's energy center solely for renewable energy and energy efficiency projects;

(3) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets;

(4) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

[3] 4. As provided for in this section, except for those electrical corporations that qualify for an exemption under section 393.1050, each electric utility shall make available to its retail customers a solar rebate for new or expanded solar electric systems sited on customers' premises, up to a maximum of twenty-five kilowatts per system, measured in direct current that were confirmed by the electric utility to have become operational in compliance with the provisions of section 386.890. The solar rebates shall be two dollars per watt for systems becoming operational on or before June 30, 2014; one dollar and fifty cents per watt for systems becoming operational between July 1, 2014, and June 30, 2015; one dollar per watt for systems becoming operational between July 1, 2015, and June 30, 2016; fifty cents per watt for systems becoming operational between July 1, 2016, and June 30, 2017; fifty cents per watt for systems becoming operational between July 1, 2017, and June 30, 2019; twenty-five cents per watt for systems becoming operational between July 1, 2019, and June 30, 2020; and zero cents per watt for systems becoming operational after June 30, 2020. An electric utility may, through its tariffs, require applications for rebates to be submitted up to one hundred eighty-two days prior to the June thirtieth operational date. Nothing in this section shall prevent an electrical corporation from offering rebates after July 1, 2020, through an approved tariff. If the electric utility determines the maximum average retail rate increase provided for in subdivision (1) of subsection 2 of this section will be reached in any calendar year, the electric utility shall be entitled to cease paying rebates to the extent necessary to avoid exceeding the maximum average retail rate increase if the electrical corporation files with the commission to suspend its rebate tariff for the remainder of that calendar year at least sixty days prior to the change taking effect. The filing with the commission to suspend the electrical corporation's rebate tariff shall include the calculation reflecting that the maximum average retail rate increase will be reached and supporting documentation reflecting that the maximum average retail rate increase will be reached. The commission shall rule on the suspension filing within sixty days of the date it is filed. If the commission determines that the maximum average retail rate increase will be reached, the commission shall approve the tariff suspension. The electric utility shall continue to process and pay applicable solar rebates until a final commission ruling; however, if the continued payment causes the electric utility to pay rebates that cause it to exceed the maximum average retail rate increase, the expenditures shall be considered prudently incurred costs as contemplated by subdivision (4) of subsection 2 of this section and shall be recoverable as such by the electric utility. As a condition of receiving a rebate, customers shall transfer to the electric utility all right, title, and interest in and to the renewable energy credits associated with the new or expanded solar electric system that qualified the customer for the solar rebate for a period of ten years from the date the electric utility confirmed that the solar electric system was installed and operational.

[4] 5. The [department] division shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.

[5] 6. In carrying out the provisions of this section, the commission and the [department] division shall include methane generated from the anaerobic digestion of farm animal waste and thermal depolymerization or pyrolysis for converting waste material to energy as renewable energy resources for purposes of this section.

[6] 7. The commission shall have the authority to promulgate rules for the implementation of this section, but only to the extent such rules are consistent with, and do not delay the implementation of, the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 201[3]8, shall be invalid and void.

STATE AUDITOR'S OFFICE
RECEIVED
JAN 16 2018

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 16, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article V (2018-336)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on January 12, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Street address of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article V entitled Judicial Department, is amended by adding one new section to be known as Section 32, to read as follows:

The Supreme Court allows certified paralegals or legal assistants certified by a credited college or university, without attending law school, to shadow and work alongside of an attorney at law for a period of three years. Thereafter, the person would be allowed to take a bar exam and if passed, demonstrating good moral character and financial responsibility per State Supreme Court rules, will be able to practice law in Missouri and will be accepted by the Supreme Court and the Appeals Courts and all Courts and Tribunals in the state and have the same basic rights to practice law and give legal advice to the People of the state.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-336)

Subject

Initiative petition from Steven Reed regarding a proposed constitutional amendment to Article V. (Received January 16, 2018)

Date

February 5, 2018

Description

This proposal would amend Article V of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Missouri Bar Association.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact for this legislation.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this initiative petition.

Officials from the **Department of Transportation** indicated no fiscal impact to their department or the MHTC (Missouri Highways and Transportation Commission).

Officials from the **Office of Administration** indicated this proposal would allow certified paralegals and legal assistants that have shadowed and worked alongside of an attorney for three years to take the bar exam and, if passed, practice law in Missouri. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated since the number of people who would qualify to practice law under this amendment is unknown the impact cannot be quantified at this time. Any significant changes will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish

the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition may provide additional "attorneys" to be hired by the Public Defender, but it will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated there would be no fiscal impact if this initiative petition were approved.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Missouri Bar Association.**

Fiscal Note Summary

State and local governmental entities estimate no costs or savings from this proposal.

STATE AUDITOR'S OFFICE
RECEIVED
JAN 11 2018

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 11, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article IV (2018-335)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on January 11, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Street address of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article IV, section 30 of the Missouri Constitution shall be amended to provide for a one-tenth of one-percent sales tax on motor vehicle fuel, the proceeds of which shall be used to develop rail passenger service in Missouri. First funding will be for rail lines from St. Louis to Springfield and Joplin and Joplin to Kansas City.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 10, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article IV, Section 48 (2018-334)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on January 9, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
2018 JAN -9 PM 2:35
SEC OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article IV, Section 48 is amended by adding one new section known as 48(a), to read as follows:

No person operating a moving motor vehicle upon the highways of this state shall, by means of a hand-held electronic wireless communications device, make or take part in a phone call, or send, read, or write a text message or electronic message, unless the device is equipped with technology allowing for hands-free operation or equipped for voice-re cognition hands-free texting and is being used in such manner. 2. Except as otherwise provided in this section, no person shall operate a commercial motor vehicle while using a hand-held mobile telephone. 3. Except as otherwise provided in this section, no person shall operate a commercial motor vehicle while using a wireless communications device to send, read, or write a text message or electronic message. 4. The provisions of subsection 1 through subsection 3 of this section shall not apply to a person operating: (1) An authorized emergency vehicle.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-334)

Subject

Initiative petition from Steven Reed regarding a proposed constitutional amendment to Article IV. (Received January 10, 2018)

Date

January 30, 2018

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners,** and the **Metropolitan Police Department - City of St. Louis.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated currently, they have guidelines for staff when they are operating a state vehicle and using a cell phone. If this legislation passes, their department would either have to install hands free kits in all state vehicles or prohibit staff from using a cell phone while driving. Should they determine installing hands free kits in all state vehicles to be the best route, they believe the costs to be absorbable within their current budget constraints.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this initiative petition.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal adds a Section 48(a) to Article IV Section 48 of the Missouri Constitution. It would prohibit the use of electronic devises while operating a moving vehicle, prohibit the use of a hand-held mobile telephone in a commercial motor vehicle and prohibit texting while operating a commercial motor vehicle. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements.

Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated the impact of this initiative petition on their office is not clear, as the punishment for operating a motor vehicle while using a hand held electronic device is not enumerated. If the offense is an infraction, there would be no impact. If the offense is a misdemeanor, punishable, with jail time - the impact would be large.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated they report no fiscal impact for this initiative petition. Their county already has a policy in place banning the use of portable electronic devices while operating a county-owned vehicle.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **University of Missouri** indicated they do not believe that this initiative will have a significant fiscal impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College,** the

Kansas City Board of Police Commissioners, and the **Metropolitan Police Department - City of St. Louis.**

Fiscal Note Summary

State governmental entities could incur additional costs, but the amount is unknown. Local governmental entities estimate no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 10, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article IV, Section 30 (2018-333)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on January 9, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article IV, section 30 of the Missouri Constitution shall be amended to provide for a one-tenth of one-percent sales tax on motor vehicle fuel, the proceeds of which shall be used to develop rail passenger service in Missouri. The tax will sunset in five years.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 10, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article I (2018-332)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on January 9, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
2018 JAN -9 PM 2:35
SEC OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article I entitled Bill of Rights, is amended by adding one new section to be known as Section 36, to read as follows:

Section 36. All state funded operations that are open to the public will allow the People of Missouri to petition at their public entrances as allowed in the State and Federal Constitutions as a basic and fundamental right.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-332)

Subject

Initiative petition from Steven Reed regarding a proposed constitutional amendment to Article I. (Received January 10, 2018)

Date

January 30, 2018

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this initiative petition.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal would expressly allow people to petition at the public entrances as allowed in the state and federal Constitutions. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on their office.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs

to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from **St. Louis County** indicated they report no fiscal impact if petitioners are allowed at the entrances of state-funded operations.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State and local governmental entities estimate no costs or savings from this proposal.

STATE AUDITOR'S OFFICE
RECEIVED
JAN 0 8 2018

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 8, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article IV (2018-331)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on January 8, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

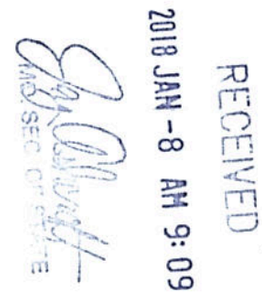
It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)



CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant ,

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article IV, section 30 of the Missouri Constitution shall be amended to provide for a one-tenth of one-percent sales tax on motor vehicle fuel, the proceeds of which shall be used to develop a third inside truck driving lane in both directions from St. Louis to Joplin on Interstate I-44. Said tax will sunset after three years.

STATE AUDITOR'S OFFICE
RECEIVED
JAN 0 3 2018

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 3, 2018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Theodis Brown regarding a proposed statutory amendment to Chapter 47 (2018-330)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Theodis Brown on January 2, 2018.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
JAN 02 2018
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____ (Petition Circulator's Printed Name), being first duly sworn, say (print or type names of signers)

	NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street)	(City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Street address of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires: _____

be it enacted by the peoples of Missouri; shall the secton 47.310rsmo2013 be invoke to allow the formation of a new Missouri county by the name of castlepoint county missouri

Title VI COUNTY, TOWNSHIP AND POLITICAL SUBDIVISION GOVERNMENT

47.310. Proceedings for dividing counties. — 1. The question of dividing any county or of striking from any county any portion thereof, whether for the purpose of forming a new county or of adding to any other county, or of adding thereto any portion of any other county, may, by the order of the county commission of any county to be affected, made on the petition therefor of not less than one hundred voters of such county, duly entered of record, and setting out fully the proposed change, the reason and object thereof, and the boundaries of such county if the change were made, be submitted to a vote of the people of the county, being the voters thereof, at the next general election after the making of such order.

2. The question shall be submitted in substantially the following form:

Shall the proposed change in the _____ county boundary be made?

3. If the result shows a majority of the voters of the county voting on the question to have voted for the proposed change, the county clerk shall, at the time of certifying such returns to the secretary of state, also certify to that officer two copies of said order of the county commission, and of said publication, and of the affidavit of the publisher, one copy to be retained on file in said secretary's office, and one copy, with a certified statement of the vote on such question, to be by him transmitted to the senate or house of representatives during the first ten days of the first session of the general assembly after the receipt thereof, and thereupon the general assembly may take such action in the premises, subject to the provisions of the constitution, as may seem best. No submission of the question authorized under the provisions of this section shall be held upon substantially the same question more often than once in five years.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

RECEIVED
DEC 22 2017
STATE AUDITORS OFFICE

ELECTIONS DIVISION
(573) 751-2301

December 22, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Theodis Brown regarding a proposed statutory amendment to Chapter 178 (2018-329)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Theodis Brown on December 22, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
2017 DEC 22 AM 7:45

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____ (Petition Circulator's Printed Name), being first duly sworn, say (print or type names of signers)

	NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street)	(City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

BE IT ENACTED BY THE PEOPLES OF STATE OF MISSOURI; SHALL THE ORGINAL SECTION 178.862RSMO BE REENACTED AND REVISED BACK ON 178.862.1.2.3.RSMO1978;

178.862. 1. The trustees of any community college district of this state may appoint and employ as many college police officers as they may deem necessary to protect persons, property, and to preserve peace and good order only in the public buildings, properties, grounds, and other facilities and locations over which they have charge or control.

2. The college police officers, before they enter upon their duties, shall take and subscribe an oath of office before some officer authorized to administer oaths, to faithfully and impartially discharge the duties thereof, which oath shall be filed in the office of the college district board of trustees, and the secretary of the board shall give each college police officer so appointed and qualified a certificate of appointment, under the seal of the board of trustees, which certificate shall empower him with the same authority to maintain order, preserve peace and make arrests as is now held by peace officers; the college police officer may in addition expel from the public buildings, campuses, and grounds, persons violating the rules and regulations that may be prescribed by the board of trustees or others under the authority of the board. Such officer or employee of the community college as may be designated by the board of trustees shall have immediate charge, control and supervision of college police officers appointed by authority of this section. Such college police officers shall have satisfactorily completed before appointment[~~, or within six months after appointment,~~] a training course for [~~college police~~] **peace** officers [~~which shall consist of at least three hundred twenty hours as prescribed by the superintendent of the Missouri state highway patrol. The community college district shall reimburse all such college police officers appointed by them who complete the training course for all reasonable and necessary expenses incurred in taking the training course, and shall reimburse the highway patrol for any expenses directly relating to the prescribed or holding of a training course which are recommended by the patrol~~] **as required under chapter 590 or, by virtue of previous experience or other training, shall have met the requirements of chapter 590.**

3. Nothing herein shall be construed as denying the board of trustees the right to appoint guards or watchmen who shall not be given the authority and powers hereby authorized.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 19, 2017

RECEIVED
DEC 19 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Terry Briggs regarding a proposed constitutional amendment to Article IV, version 2 (2018-328)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Terry Briggs on December 18, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2017 DEC 18 PM 4:36

(INSERT BALLOT TITLE HERE)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

BE IT RESOLVED by the people of the state of Missouri that the Constitution be amended:

Article IV of the Constitution is revised by amending Section 30(b) to read as follows:

Section 30(b). 1. For the sole and exclusive purpose of constructing and maintaining an adequate system of connected state highways all state revenue derived from highway users as an incident to their use or right to use the highways of the state, including all state license fees and taxes upon motor vehicles, trailers and motor vehicle fuels, and upon, with respect to, or on the privilege of the manufacture, receipt, storage, distribution, sale or use thereof (excepting those portions of the sales tax on motor vehicles and trailers which are not distributed to the state road fund pursuant to subsection 2 of this section 30(b) and further excepting all property taxes), less the [(1) actual cost of collection of the department of revenue (but not to exceed three percent of the particular tax or fee collected), (2)] actual cost of refunds for overpayments and erroneous payments of such taxes and fees and maintaining retirement programs as permitted by law[and (3) actual cost of the state highway patrol in administering and enforcing any state motor vehicle laws and traffic regulations,] shall be deposited in the state road fund which is hereby created within the state treasury and stand appropriated without legislative action to be used and expended by the highways and transportation commission for the following purposes, and no other:

First, to the payment of the principal and interest on any outstanding state road bonds. The term state road bonds in this section 30(b) means any bonds or refunding bonds issued by the highways and transportation commission to finance or refinance the construction or reconstruction of the state highway system.

Second, to maintain a balance in the state road fund in the amount deemed necessary to meet the payment of the principal and interest of any state road bonds for the next succeeding twelve months.

The remaining balance in the state road fund shall be used and expended in the sole discretion of and under the supervision and direction of the highways and transportation commission for the following state highway system uses and purposes and no other:

(1) To complete and widen or otherwise improve and maintain the state highway system heretofore designated and laid out under existing laws;

(2) To reimburse the various counties and other political subdivisions of the state, except incorporated cities and towns, for money expended by them in the construction or acquisition of roads and bridges now or hereafter taken over by the highways and transportation commission as permanent parts of the state highway system, to the extent of the value to the state of such roads and bridges at the time taken over, not exceeding in any case the amount expended by such counties and subdivisions in the construction or acquisition of such roads and bridges, except that the highways and transportation commission may, in its discretion, repay, or agree to repay, any cash advanced by a county or subdivision to expedite state road construction or improvement;

(3) In the discretion of the commission to plan, locate, relocate, establish, acquire, construct and maintain the following:

(a) interstate and primary highways within the state;

(b) supplementary state highways and bridges in each county of the state;

(c) state highways and bridges in, to and through state parks, public areas and reservations, and state institutions now or hereafter established to connect the same with the state highways, and also national, state or local parkways, travelways, tourways, with coordinated facilities;

(d) any tunnel or interstate bridge or part thereof, where necessary to connect the state highways of this state with those of other states;

(e) any highway within the state when necessary to comply with any federal law or requirement which is or shall become a condition to the receipt of federal funds;

(f) any highway in any city or town which is found necessary as a continuation of any state or federal highway, or any connection therewith, into and through such city or town; and

(g) additional state highways, bridges and tunnels, either in congested traffic areas of the state or where needed to facilitate and expedite the movement of through traffic.

(4) To acquire materials, equipment and buildings and to employ such personnel as necessary for the purposes described in this subsection 1; and

(5) For such other purposes and contingencies relating and appertaining to the construction and maintenance of such state highway system as the highways and transportation commission may deem necessary and proper.

(6) No revenues or fund balances authorized by this subsection 30(b) shall in any way be diverted for purposes other than those specifically authorized by this subsection.

2. (1) The state sales tax upon the sale of motor vehicles, trailers, motorcycles, mopeds and motortricycles at the rate provided by law on November 2, 2004, is levied and imposed by this section until the rate is changed by law or constitutional amendment.

(2) One-half of the proceeds from the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles shall be dedicated for highway and transportation use and shall be apportioned and distributed as follows: ten percent to the counties, fifteen percent to the cities, two percent to be deposited in the state transportation fund, which is hereby created within the state treasury to be used in a manner provided by law and seventy-three percent to be deposited in the state road fund. The amounts apportioned and distributed to the counties and cities shall be further allocated and used as provided in section 30(a) of this article. The amounts allocated and distributed to the highways and transportation commission for the state road fund shall be used as provided in subsection 1 of this section 30(b). The sales taxes which are apportioned and distributed pursuant to this subdivision (2) shall not include those taxes levied and imposed pursuant to sections 43(a) or 47(a) of this article. The term "proceeds from the state sales tax" as used in this subdivision (2) shall mean and include all revenues received by the department of revenue from the said sales tax, reduced only by refunds for overpayments and erroneous payments of such tax as permitted

by law and actual costs of collection by the department of revenue (but not to exceed three percent of the amount collected).

(3) (i) From and after July 1, 2005, through June 30, 2006, twenty-five percent of the remaining one-half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund which is hereby created within the state treasury; (ii) from and after July 1, 2006, through June 30, 2007, fifty percent of the aforesaid one-half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund; (iii) from and after July 1, 2007, through June 30, 2008, seventy-five percent of the aforesaid one- half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund; and (iv) from and after July 1, 2008, one hundred percent of the aforesaid one-half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund. Moneys deposited in the state road bond fund are hereby dedicated to and shall only be used to fund the repayment of bonds issued by the highways and transportation commission to fund the construction and reconstruction of the state highway system or to fund refunding bonds, except that after January 1, 2009, that portion of the moneys in the state road bond fund which the commissioner of administration and the highways and transportation commission each certify is not needed to make payments upon said bonds or to maintain an adequate reserve for making future payments upon said bonds may be appropriated to the state road fund. The highways and transportation commission shall have authority to issue state road bonds for the uses set forth in this subdivision (3). The net proceeds received from the issuance of such bonds shall be paid into the state road fund and shall only be used to fund construction or reconstruction of specific projects for parts of the state highway system as determined by the highways and transportation commission. The moneys deposited in the state road bond fund shall only be withdrawn by appropriation pursuant to this constitution. No obligation for the payment of moneys so appropriated shall be paid unless the commissioner of administration certifies it for payment and further certifies that the expenditure is for a use which is specifically authorized by the provisions of this subdivision (3). The proceeds of the sales tax which are subject to allocation and deposit into the state road bond fund pursuant to this subdivision (3) shall not include the proceeds of the sales tax levied and imposed pursuant to sections 43(a) or 47(a) of this article nor shall they include the proceeds of that portion of the sales tax apportioned, distributed and dedicated to the school district trust fund on November 2, 2004. The term "proceeds from the state sales tax" as used in this subdivision (3) shall mean and include all revenues received by the department of revenue from the said sales tax, reduced only by refunds for overpayments and erroneous payments of such tax as permitted by law and actual costs of collection by the department of revenue (but not to exceed three percent of the amount collected).

3. After January 1, 1980, any increase in state license fees and taxes on motor vehicles, trailers, motorcycles, mopeds and motortricycles other than those taxes distributed pursuant to subsection 2 of this section 30(b) shall be distributed as follows: ten percent to the counties, fifteen percent to the cities and seventy-five percent to be deposited in the state road fund. The amounts distributed shall be apportioned and distributed to the counties and cities as provided in section 30(a) of this article, to be used for highway purposes.

4. The moneys apportioned or distributed under this section to the state road fund, the state transportation fund, the state road bond fund, counties, cities, towns or villages shall not be included within the definition of "total state revenues" as that term is used in section 17 of Article X of this constitution nor be considered as an "expense of state government" as that term is used in section 20 of article X of this constitution.

5. In order to provide adequate law enforcement on state roads and throughout the state, an additional sales tax of three-eighths of one cent is hereby adopted and imposed upon all sellers for the privilege of selling tangible personal property or rendering taxable services at retail in this state upon the sales and services which now are listed and set forth in, and, except as to the amount of tax, subject to the provisions of and to be collected as provided in the "Sales Tax Law" and subject to the rules and regulations promulgated in connection therewith.

6. The "Missouri Law Enforcement Trust Fund" is hereby established. All revenues generated by the tax in subsection 5 shall be deposited into the Trust Fund. To the extent any amounts in the Trust Fund are not appropriated by the General Assembly in any year, funds shall remain in the Trust Fund for future appropriations consistent with this section and no balances shall be diverted or otherwise appropriated except as authorized by this section. No funds shall be expended from the Trust Fund prior to July 1, 2019. The General Assembly shall appropriate funds in the Trust Fund solely as follows:

(1) to provide for the actual cost of an annual audit of all funds raised or expended under this section;

(2) to provide for the actual cost of the state highway patrol in administering and enforcing any state motor vehicle laws or traffic regulations or for such other state highway patrol functions as the legislature shall deem appropriate;

(3) to provide funds for grants to municipal and county law enforcement agencies for equipment and training and to provide for the families of law enforcement officers killed in the line of duty as authorized by law. In any given year, such funding shall not exceed 10% of the revenue generated by subsection 5 in that year.

7. The state auditor shall annually conduct an audit of the funds raised and expenditures authorized under this section and release the report publicly to the taxpayers.

8. The amendments to subsection 1 above shall not take effect until July 1, 2019.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-328) - revised

Subject

Initiative petition from Terry Briggs regarding a proposed constitutional amendment to Article IV. (Received December 19, 2017)

Date

February 21, 2018

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, the Metropolitan Police Department - City of St. Louis,** and **the State Auditor's Office.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from **Department of Higher Education** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** estimated one-time operating costs of $78,850 in fiscal year 2019 and estimate increased titling revenue of $36,095,268 in fiscal year 2019, $43,314,321 in fiscal year 2020, and $43,314,321 in fiscal year 2021.

The proposed legislation increases the sales tax on tangible personal property or tangible services at retail.

ITSD cost estimate equals 940.69 hrs. @ $75 per hr. = $70,551

OA-ITSD Response

Fiscal Note	IP 18-328	ITSD -	DOR
Bill Number	IP 18-328		
Will a new system be required?		Yes	X No
Indicate fiscal year when fully implemented		FY	2019

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2019	FY 2020	FY 2021
General Revenue	70,551	-	
Other	-		-
Federal Funds	-		
Total	70,551		

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 30(b)

			FY 2019	FY 2020	FY 2021
TRIPS	Rate	Hours	$	$	$
IT Consultants	75	14.04	1,053	-	-
Section Total Expenditures:			1,053	-	-
Section Funding:	General Revenue		1,053	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		1,053	-	-

Bill Section(s) 30(b)

			FY 2019	FY 2020	FY 2021
Sales Tax Calculator	Rate	Hours	$	$	$
IT Consultants	75	5.40	405	-	-
Section Total Expenditures:			405	-	-
Section Funding:	General Revenue		405	-	-
	Federal		-	-	-
	Other			-	-
	Total		405	-	-

Bill Section(s) 30(b)

			FY 2019	FY 2020	FY 2021
Del-Fee	Rate	Hours	$	$	$
IT Consultants	75	531.36	39,852	-	-
Section Total Expenditures:			39,852	-	-
Section Funding:	General Revenue		39,852	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		39,852	-	-

Bill Section(s)	30(b)				
			FY 2019	FY 2020	FY 2021
MTAS	Rate	Hours	$	$	$
IT Consultants	75	389.88	29,241	-	-
Section Total Expenditures:			29,241	-	-
Section Funding:	General Revenue		29,241	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		29,241	-	-

The proposed legislation will increase sales tax by three-eighths of one percent on retail sales of tangible personal property creating a positive impact on total state revenue.

The proposed legislation would increase revenue from the additional sales tax collected.

Section 30(b)

- Provides strict regulations for distribution of current state sales tax and license fees collected and eliminates the deduction for the Departments cost of collection.
- Provides for an additional sales tax of three-eighths of one cent to be imposed on the sale of tangible personal property and taxable services at retail as provided in the "Sales Tax Law".
- Creates the "Missouri Law Enforcement Trust Fund". Provides regulations for such fund and that all revenues generated from the increased sales tax to be deposited into the fund.
- The State Auditor shall conduct an audit annually of the funds raised and expenditures under this section and release the report publicly.

Administrative Impact

To implement the proposed language, the Department will be required to:

- Update procedures, correspondence letters, and the Department website;
- Update the titling manual;
- Modify title rejection verbiage; and
- Complete programming and user acceptance testing.

FY 2019 – Motor Vehicle Bureau

Management Analysis Spec I	400 hrs. @ $18.42 per hr.	= $ 7,368

FY 2019 – Personnel Service Bureau

Management Analysis Spec I	40 hrs. @ $18.42 per hr.	= $ 737
Administrative Analyst III	10 hrs. @ $19.43 per hr.	= $ 194
Total		= $ 931

Total Costs $ 8,299

OA-ITSD Impact

ITSD - DOR				TOTAL HOURS:	941		
Bill Number	IP 18-328	FN #	IP 18-328				
Bill Section(s)	30(b)						
Application Name:	TRIPS				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	1	75	-	-
Analysis			75	1	75	-	
Design			75	1	75		-
Development			75	8	600	-	
Test			75	2	150	-	
Implementation			75	-	-		
Project Management			75	1.04	78	-	
On-going support			75		-	-	
Section Total IT Consultants:			75	14.04	1,053		
Section Total Expenditures:					1,053	-	-
General Revenue					1,053		
Federal					-	-	-
Other							

Section Funding:					1,053	-	-
12. Assumptions and methodology used in arriving at state fiscal impact.							
Development staff estimated the hours required to update existing software to accommodate changes required by the bill.							
2							
Bill Number	IP 18-328	FN #	IP 18-328				
Bill Section(s)	30(b)						
Application Name:	Sales Tax Calculator				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	-	-	-	-
Analysis			75	-	-	-	-
Design			75	-	-	-	-
Development			75	4	300	-	-
Test			75	1	75	-	-
Implementation			75	-	-	-	-
Project Management			75	0.40	30	-	-
On-going support			75		-	-	-
Section Total IT Consultants:			75	5.40	405	-	-
Section Total Expenditures:					405	-	-
General Revenue					405	-	-
Federal					-	-	-
Other					-		
Section Funding:					405	-	-
12. Assumptions and methodology used in arriving at state fiscal impact.							
Development staff estimated the hours required to update existing software to accommodate changes required by the bill.							
3							
Bill Number	IP 18-328	FN #	IP 18-328				
Bill Section(s)	30(b)						
Application Name:	Del-Fee				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	30	2,250		

Analysis		75	30	2,250	-	
Design		75	30	2,250	-	-
Development		75	300	22,500	-	
Test		75	90	6,750	-	-
Implementation		75	12	900	-	-
Project Management		75	39.36	2,952	-	-
On-going support		75		-	-	-
Section Total IT Consultants:		75	531.36	39,852	-	-
Section Total Expenditures:				39,852	-	-
General Revenue				39,852	-	-
Federal				-	-	-
Other						
Section Funding:				39,852	-	-

12. Assumptions and methodology used in arriving at state fiscal impact.

Development staff estimated the hours required to update existing software to accommodate changes required by the bill.
Modifications to 6 mainframe programs, updating existing del-fee records, and calculating State Use Tax separately.

4

Bill Number	IP 18-328	FN #	IP 18-328				
Bill Section(s)	30(b)						
Application Name:	MTAS				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	22	1,650	-	-
Analysis			75	22	1,650	-	-
Design			75	22	1,650	-	-
Development			75	220	16,500	-	-
Test			75	66	4,950	-	-
Implementation			75	9	675	-	-
Project Management			75	28.88	2,166	-	-
On-going support			75		-	-	-
Section Total IT Consultants:			75	389.88	29,241	-	-
Section Total Expenditures:					29,241	-	-
General Revenue					29,241	-	-

Federal	-	-	-
Other			
Section Funding:	29,241	-	-

12. Assumptions and methodology used in arriving at state fiscal impact.

Development staff estimated the hours required to update existing software to accommodate changes required by the bill.
MTAS would have to be programmed to account for the new rate and fund.
MTAS would have to be programmed for distribution.

Revenue Impact

The proposed legislation establishes an additional three-eighths of one-cent sales tax to transactions subject to Missouri's sales tax law.

Motor Vehicle State Sales Tax

The Department collects state sales tax on the titling of motor vehicles, trailers, ATV's, motorcycles, motortricycles, boats, and outboard motors. The state sales tax total shown below is the combined total amount of state sales tax collected in FY 2017.

$ 488,088,015	Total tax collected in FY 2017
/ 0.04225	Current state sales tax rate
$11,550,485,562	Total purchase price in FY 2017
x 0.00375	Proposed tax increase
$ 43,314,321	Additional tax collected from the tax increase that would go to the "Missouri Law Enforcement Trust Fund"

Amount Deposited into the "Missouri Law Enforcement Trust Fund"

FY 2019 (10 months)	$36,095,268
FY 2020	$43,314,321
FY 2021	$43,314,321

The Department provided the following comments:

The current tax collected under Section 30(b) is deposited into the state road fund. It is unclear if the proposed language, "For the sole and exclusive purpose of constructing and maintaining an adequate system…", can also impose a new three-eighths of one cent sales tax that is to be deposited into the "Missouri Law Enforcement Trust Fund". The proposed increase would need to be a new tax and not an increase to the existing tax so the funds can be distributed properly to the correct funds.

The proposed language requires the Department to impose and collect an additional sales tax on tangible personal property and taxable services. It appears that the amendment reduces the amount received by the Department for collection expenses. The

Department's collection expenses, up to 3% of the particular fee or tax collected is no longer subtracted from the amount of tax collected under this constitutional amendment.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated their department defers to the Department of Revenue for a fiscal impact.

Officials from the **Office of Administration** indicated this proposal impose a three-eighths of 1% state sales tax to provide additional money for law enforcement on state roads. If this proposal passes during the 2018 General Election, the new sales tax would begin July 1, 2019. Based on gross general revenue tax collection in FY 17 of $2,147.1 million, Budget and Planning (B&P) estimate that the 0.375% sales tax would generate $268.4M in FY 20 and annually thereafter. Money from this additional sales tax is to be deposited into the "Missouri Law Enforcement Trust Fund". This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated no fiscal impact on their office.

Officials from the **Missouri Senate** indicated their office anticipates no fiscal impact.

Officials from the **Secretary of State's office** indicated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than $2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request

funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

The Secretary of State's office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 the Secretary of State's Office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). The Secretary of State's office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any direct impact on their office. Additional monies for law enforcement, will result in additional cases for the State Public Defender System.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to their county for this petition.

Officials from **St. Louis County** indicated no fiscal impact for this constitutional amendment. The 3/8-cent and 4/10-cent sales taxes for the proposed Law Enforcement Trust Fund in 2018-322, 2018-323, 2018-327 and 2018-328 could provide an opportunity for the St. Louis County Police to receive a grant for law enforcement equipment and training from the 10% set-aside, but it is not possible to project a dollar figure. No savings or losses are anticipated.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **Metropolitan Community College** indicated no fiscal impact.

Officials from the **University of Missouri System** indicated they do not believe that this proposal will have a significant impact on their university.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph**, the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, and the Metropolitan Police Department - City of St. Louis.**

Fiscal Note Summary

State government entities estimate increased revenue of $312 million annually and one-time costs of $79,000. Local governments estimate no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 19, 2017

RECEIVED
DEC 19 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Terry Briggs regarding a proposed constitutional amendment to Article IV, version 1 (2018-327)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Terry Briggs on December 18, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2017 DEC 18 PM 4:35

(INSERT BALLOT TITLE HERE)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

BE IT RESOLVED by the people of the state of Missouri that the Constitution be amended:

Article IV of the Constitution is revised by amending Section 30(b) to read as follows:

Section 30(b). 1. For the sole and exclusive purpose of constructing and maintaining an adequate system of connected state highways all state revenue derived from highway users as an incident to their use or right to use the highways of the state, including all state license fees and taxes upon motor vehicles, trailers and motor vehicle fuels, and upon, with respect to, or on the privilege of the manufacture, receipt, storage, distribution, sale or use thereof (excepting those portions of the sales tax on motor vehicles and trailers which are not distributed to the state road fund pursuant to subsection 2 of this section 30(b) and further excepting all property taxes), less the [(1) actual cost of collection of the department of revenue (but not to exceed three percent of the particular tax or fee collected), (2)] actual cost of refunds for overpayments and erroneous payments of such taxes and fees and maintaining retirement programs as permitted by law[and (3) actual cost of the state highway patrol in administering and enforcing any state motor vehicle laws and traffic regulations,] shall be deposited in the state road fund which is hereby created within the state treasury and stand appropriated without legislative action to be used and expended by the highways and transportation commission for the following purposes, and no other:

First, to the payment of the principal and interest on any outstanding state road bonds. The term state road bonds in this section 30(b) means any bonds or refunding bonds issued by the highways and transportation commission to finance or refinance the construction or reconstruction of the state highway system.

Second, to maintain a balance in the state road fund in the amount deemed necessary to meet the payment of the principal and interest of any state road bonds for the next succeeding twelve months.

The remaining balance in the state road fund shall be used and expended in the sole discretion of and under the supervision and direction of the highways and transportation commission for the following state highway system uses and purposes and no other:

(1) To complete and widen or otherwise improve and maintain the state highway system heretofore designated and laid out under existing laws;

(2) To reimburse the various counties and other political subdivisions of the state, except incorporated cities and towns, for money expended by them in the construction or acquisition of roads and bridges now or hereafter taken over by the highways and transportation commission as permanent parts of the state highway system, to the extent of the value to the state of such roads and bridges at the time taken over, not exceeding in any case the amount expended by such counties and subdivisions in the construction or acquisition of such roads and bridges, except that the highways and transportation commission may, in its discretion, repay, or agree to repay, any cash advanced by a county or subdivision to expedite state road construction or improvement;

(3) In the discretion of the commission to plan, locate, relocate, establish, acquire, construct and maintain the following:

(a) interstate and primary highways within the state;

(b) supplementary state highways and bridges in each county of the state;

(c) state highways and bridges in, to and through state parks, public areas and reservations, and state institutions now or hereafter established to connect the same with the state highways, and also national, state or local parkways, travelways, tourways, with coordinated facilities;

(d) any tunnel or interstate bridge or part thereof, where necessary to connect the state highways of this state with those of other states;

(e) any highway within the state when necessary to comply with any federal law or requirement which is or shall become a condition to the receipt of federal funds;

(f) any highway in any city or town which is found necessary as a continuation of any state or federal highway, or any connection therewith, into and through such city or town; and

(g) additional state highways, bridges and tunnels, either in congested traffic areas of the state or where needed to facilitate and expedite the movement of through traffic.

(4) To acquire materials, equipment and buildings and to employ such personnel as necessary for the purposes described in this subsection 1; and

(5) For such other purposes and contingencies relating and appertaining to the construction and maintenance of such state highway system as the highways and transportation commission may deem necessary and proper.

(6) No revenues or fund balances authorized by this subsection 30(b) shall in any way be diverted for purposes other than those specifically authorized by this subsection.

2. (1) The state sales tax upon the sale of motor vehicles, trailers, motorcycles, mopeds and motortricycles at the rate provided by law on November 2, 2004, is levied and imposed by this section until the rate is changed by law or constitutional amendment.

(2) One-half of the proceeds from the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles shall be dedicated for highway and transportation use and shall be apportioned and distributed as follows: ten percent to the counties, fifteen percent to the cities, two percent to be deposited in the state transportation fund, which is hereby created within the state treasury to be used in a manner provided by law and seventy-three percent to be deposited in the state road fund. The amounts apportioned and distributed to the counties and cities shall be further allocated and used as provided in section 30(a) of this article. The amounts allocated and distributed to the highways and transportation commission for the state road fund shall be used as provided in subsection 1 of this section 30(b). The sales taxes which are apportioned and distributed pursuant to this subdivision (2) shall not include those taxes levied and imposed pursuant to sections 43(a) or 47(a) of this article. The term "proceeds from the state sales tax" as used in this subdivision (2) shall mean and include all revenues received by the department of revenue from the said sales tax, reduced only by refunds for overpayments and erroneous payments of such tax as permitted

by law and actual costs of collection by the department of revenue (but not to exceed three percent of the amount collected).

(3) (i) From and after July 1, 2005, through June 30, 2006, twenty-five percent of the remaining one-half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund which is hereby created within the state treasury; (ii) from and after July 1, 2006, through June 30, 2007, fifty percent of the aforesaid one-half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund; (iii) from and after July 1, 2007, through June 30, 2008, seventy-five percent of the aforesaid one- half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund; and (iv) from and after July 1, 2008, one hundred percent of the aforesaid one-half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund. Moneys deposited in the state road bond fund are hereby dedicated to and shall only be used to fund the repayment of bonds issued by the highways and transportation commission to fund the construction and reconstruction of the state highway system or to fund refunding bonds, except that after January 1, 2009, that portion of the moneys in the state road bond fund which the commissioner of administration and the highways and transportation commission each certify is not needed to make payments upon said bonds or to maintain an adequate reserve for making future payments upon said bonds may be appropriated to the state road fund. The highways and transportation commission shall have authority to issue state road bonds for the uses set forth in this subdivision (3). The net proceeds received from the issuance of such bonds shall be paid into the state road fund and shall only be used to fund construction or reconstruction of specific projects for parts of the state highway system as determined by the highways and transportation commission. The moneys deposited in the state road bond fund shall only be withdrawn by appropriation pursuant to this constitution. No obligation for the payment of moneys so appropriated shall be paid unless the commissioner of administration certifies it for payment and further certifies that the expenditure is for a use which is specifically authorized by the provisions of this subdivision (3). The proceeds of the sales tax which are subject to allocation and deposit into the state road bond fund pursuant to this subdivision (3) shall not include the proceeds of the sales tax levied and imposed pursuant to sections 43(a) or 47(a) of this article nor shall they include the proceeds of that portion of the sales tax apportioned, distributed and dedicated to the school district trust fund on November 2, 2004. The term "proceeds from the state sales tax" as used in this subdivision (3) shall mean and include all revenues received by the department of revenue from the said sales tax, reduced only by refunds for overpayments and erroneous payments of such tax as permitted by law and actual costs of collection by the department of revenue (but not to exceed three percent of the amount collected).

3. After January 1, 1980, any increase in state license fees and taxes on motor vehicles, trailers, motorcycles, mopeds and motortricycles other than those taxes distributed pursuant to subsection 2 of this section 30(b) shall be distributed as follows: ten percent to the counties, fifteen percent to the cities and seventy-five percent to be deposited in the state road fund. The amounts distributed shall be apportioned and distributed to the counties and cities as provided in section 30(a) of this article, to be used for highway purposes.

4. The moneys apportioned or distributed under this section to the state road fund, the state transportation fund, the state road bond fund, counties, cities, towns or villages shall not be included within the definition of "total state revenues" as that term is used in section 17 of Article X of this constitution nor be considered as an "expense of state government" as that term is used in section 20 of article X of this constitution.

5. In order to provide adequate law enforcement on state roads and throughout the state, an additional sales tax of four-tenths of one cent is hereby adopted and imposed upon all sellers for the privilege of selling tangible personal property or rendering taxable services at retail in this state upon the sales and services which now are listed and set forth in, and, except as to the amount of tax, subject to the provisions of and to be collected as provided in the "Sales Tax Law" and subject to the rules and regulations promulgated in connection therewith.

6. The "Missouri Law Enforcement Trust Fund" is hereby established. All revenues generated by the tax in subsection 5 shall be deposited into the Trust Fund. To the extent any amounts in the Trust Fund are not appropriated by the General Assembly in any year, funds shall remain in the Trust Fund for future appropriations consistent with this section and no balances shall be diverted or otherwise appropriated except as authorized by this section. No funds shall be expended from the Trust Fund prior to July 1, 2019. The General Assembly shall appropriate funds in the Trust Fund solely as follows:

(1) to provide for the actual cost of an annual audit of all funds raised or expended under this section;

(2) to provide for the actual cost of the state highway patrol in administering and enforcing any state motor vehicle laws or traffic regulations or for such other state highway patrol functions as the legislature shall deem appropriate;

(3) to provide funds for grants to municipal and county law enforcement agencies for equipment and training and to provide for the families of law enforcement officers killed in the line of duty as authorized by law. In any given year, such funding shall not exceed 10% of the revenue generated by subsection 5 in that year.7. The state auditor shall annually conduct an audit of the funds raised and expenditures authorized under this section and release the report publicly to the taxpayers.

8. The amendments to subsection 1 above shall not take effect until July 1, 2019.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-327) - revised

Subject

Initiative petition from Terry Briggs regarding a proposed constitutional amendment to Article IV. (Received December 19, 2017)

Date

February 21, 2018

Description

This proposal would amend Article IV of the Missouri Constitution .

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, the Metropolitan Police Department - City of St. Louis,** and **the State Auditor's Office.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from **Department of Higher Education** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** estimated one-time operating costs of $78,850 in fiscal year 2019 and estimate increased titling revenue of $38,501,618 in fiscal year 2019, $46,201,942 in fiscal year 2020, and $46,201,942 in fiscal year 2021.

The proposed legislation increases the sales tax on tangible personal property or tangible services at retail.

ITSD cost estimate equals 940.69 hrs. @ $75 per hr. = $70,551

OA-ITSD Response

Fiscal Note	IP 18-327	ITSD -	DOR
Bill Number	IP 18-327		
Will a new system be required?		Yes	X No
Indicate fiscal year when fully implemented		FY	2019

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2019	FY 2020	FY 2021
General Revenue	70,551	-	
Other	-		-
Federal Funds	-		
Total	70,551		

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 30(b)

			FY 2019	FY 2020	FY 2021
TRIPS	Rate	Hours	$	$	$
IT Consultants	75	14.04	1,053	-	-
Section Total Expenditures:			1,053	-	-
Section Funding:	General Revenue		1,053	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		1,053	-	-

Bill Section(s) 30(b)

			FY 2019	FY 2020	FY 2021
Sales Tax Calculator	Rate	Hours	$	$	$
IT Consultants	75	5.40	405	-	-
Section Total Expenditures:			405	-	-
Section Funding:	General Revenue		405	-	-
	Federal		-	-	-
	Other			-	-
	Total		405	-	-

Bill Section(s) 30(b)

			FY 2019	FY 2020	FY 2021
Del-Fee	Rate	Hours	$	$	$
IT Consultants	75	531.36	39,852	-	-
Section Total Expenditures:			39,852	-	-
Section Funding:	General Revenue		39,852	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		39,852	-	-

Bill Section(s)	30(b)				
			FY 2019	FY 2020	FY 2021
MTAS	Rate	Hours	$	$	$
IT Consultants	75	389.88	29,241	-	-
Section Total Expenditures:			29,241	-	-
Section Funding:	General Revenue		29,241	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		29,241	-	-

The proposed legislation will increase sales tax by four-tenths of one percent on retail sales of tangible personal property creating a positive impact on total state revenue.

The proposed legislation would increase revenue from the additional sales tax collected.

Section 30(b)

- Provides strict regulations for distribution of current state sales tax and license fees collected and eliminates the deduction for the Departments cost of collection.
- Provides for an additional sales tax of four-tenths of one cent to be imposed on the sale of tangible personal property and taxable services at retail as provided in the "Sales Tax Law".
- Creates the "Missouri Law Enforcement Trust Fund". Provides regulations for such fund and that all revenues generated from the increased sales tax to be deposited into the fund.
- The State Auditor shall conduct an audit annually of the funds raised and expenditures under this section and release the report publicly.

Administrative Impact

To implement the proposed language, the Department will be required to:

- Update procedures, correspondence letters, and the Department website;
- Update the titling manual;
- Modify title rejection verbiage; and
- Complete programming and user acceptance testing.

FY 2019 – Motor Vehicle Bureau

Management Analysis Spec I	400 hrs. @ $18.42 per hr.	= $ 7,368

FY 2019 – Personnel Service Bureau

Management Analysis Spec I	40 hrs. @ $18.42 per hr.	= $ 737
Administrative Analyst III	10 hrs. @ $19.43 per hr.	= $ 194
Total		= $ 931

Total Costs $ 8,299

OA-ITSD Impact

ITSD - DOR				TOTAL HOURS:	941		
Bill Number	IP 18-327	FN #	IP 18-327				
Bill Section(s)	30(b)						
Application Name:	TRIPS				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	1	75	-	-
Analysis			75	1	75	-	
Design			75	1	75		-
Development			75	8	600	-	
Test			75	2	150	-	
Implementation			75	-	-		
Project Management			75	1.04	78	-	
On-going support			75		-	-	
Section Total IT Consultants:			75	14.04	1,053		
Section Total Expenditures:					1,053	-	-
General Revenue					1,053		
Federal					-	-	-
Other							

Section Funding:					1,053	-	-
12. Assumptions and methodology used in arriving at state fiscal impact.							
Development staff estimated the hours required to update existing software to accommodate changes required by the bill.							
2							
Bill Number	IP 18-327	FN #	IP 18-327				
Bill Section(s)	30(b)						
Application Name:	Sales Tax Calculator				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	-	-	-	-
Analysis			75	-	-	-	-
Design			75	-	-	-	-
Development			75	4	300	-	-
Test			75	1	75	-	-
Implementation			75	-	-	-	-
Project Management			75	0.40	30	-	-
On-going support			75		-	-	-
Section Total IT Consultants:			75	5.40	405	-	-
Section Total Expenditures:					405	-	-
General Revenue					405	-	-
Federal					-	-	-
Other					-		
Section Funding:					405	-	-
12. Assumptions and methodology used in arriving at state fiscal impact.							
Development staff estimated the hours required to update existing software to accommodate changes required by the bill.							
3							
Bill Number	IP 18-327	FN #	IP 18-327				
Bill Section(s)	30(b)						
Application Name:	Del-Fee				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	30	2,250		
Analysis			75	30	2,250	-	

Design		75	30	2,250	-	-
Development		75	300	22,500	-	
Test		75	90	6,750	-	-
Implementation		75	12	900	-	-
Project Management		75	39.36	2,952	-	-
On-going support		75		-	-	-
Section Total IT Consultants:		75	531.36	39,852	-	-
Section Total Expenditures:				39,852	-	-
General Revenue				39,852	-	-
Federal				-	-	-
Other						
Section Funding:				39,852	-	-
12. Assumptions and methodology used in arriving at state fiscal impact.						
Development staff estimated the hours required to update existing software to accommodate changes required by the bill. Modifications to 6 mainframe programs, updating existing del-fee records, and calculating State Use Tax separately.						
4						
Bill Number	IP 18-327	FN #	IP 18-327			
Bill Section(s)	30(b)					
Application Name:	MTAS			**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	22	1,650	-	-
Analysis			75	22	1,650	-	-
Design			75	22	1,650	-	-
Development			75	220	16,500	-	-
Test			75	66	4,950	-	-
Implementation			75	9	675	-	-
Project Management			75	28.88	2,166	-	-
On-going support			75		-	-	-
Section Total IT Consultants:			75	389.88	29,241	-	-
Section Total Expenditures:					29,241	-	-
General Revenue					29,241	-	-
Federal					-	-	-
Other							

Section Funding:	29,241	-	-

12. Assumptions and methodology used in arriving at state fiscal impact.

Development staff estimated the hours required to update existing software to accommodate changes required by the bill.
MTAS would have to be programmed to account for the new rate and fund.
MTAS would have to be programmed for distribution.

Revenue Impact

The proposed legislation establishes an additional four-tenths of one-cent sales tax to transactions subject to Missouri's sales tax law.

Motor Vehicle State Sales Tax

The Department collects state sales tax on the titling of motor vehicles, trailers, ATV's, motorcycles, motortricycles, boats, and outboard motors. The state sales tax total shown below is the combined total amount of state sales tax collected in FY 2017.

$ 488,088,015	Total tax collected in FY 2017
/ 0.04225	Current state sales tax rate
$11,550,485,562	Total purchase price in FY 2017
x 0.004	Proposed tax increase
$ 46,201,942	Additional tax collected from the tax increase that would go to the "Missouri Law Enforcement Trust Fund"

Amount Deposited into the "Missouri Law Enforcement Trust Fund"

FY 2019 (10 months)	$38,501,618
FY 2020	$46,201,942
FY 2021	$46,201,942

The Department provided the following comments:

> The current tax collected under Section 30(b) is deposited into the state road fund. It is unclear if the proposed language, "For the sole and exclusive purpose of constructing and maintaining an adequate system…", can also impose a new four-tenths of one cent sales tax that is to be deposited into the "Missouri Law Enforcement Trust Fund". The proposed increase would need to be a new tax and not an increase to the existing tax so the funds can be distributed properly to the correct funds.

The proposed language requires the Department to impose and collect an additional sales tax on tangible personal property and taxable services. It appears that the amendment reduces the amount received by the Department for collection expenses. The Department's collection expenses, up to 3% of the particular fee or tax collected is no longer subtracted from the amount of tax collected under this constitutional amendment.

Section 30(b) – Subsection 7 has been combined with subsection 6(3).

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated their department defers to the Department of Revenue for a fiscal impact.

Officials from the **Office of Administration** indicated this proposal impose a 4/10th of 1% state sales tax to provide additional money for law enforcement on state roads. If this proposal passes during the 2018 General Election, the new sales tax would begin July 1, 2019. Based on gross general revenue tax collection in FY 17 of $2,147.1 million, Budget and Planning (B&P) estimate that the 0.4% sales tax would generate $286.3M in FY 20 and annually thereafter. Money from this additional sales tax is to be deposited into the "Missouri Law Enforcement Trust Fund". This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated no fiscal impact on their office.

Officials from the **Missouri Senate** indicated their office anticipates no fiscal impact.

Officials from the **Secretary of State's office** indicated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State’s office is provided with core funding to handle a certain amount of normal activity resulting from each year’s legislative session. The fiscal impact for this fiscal note to Secretary of State’s office for Administrative Rules is less than $2,500. The Secretary of State’s office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

The Secretary of State's office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 the Secretary of State's Office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). The Secretary of State's office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any direct impact on their office. Additional monies for law enforcement, will result in additional cases for the State Public Defender System.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to their county for this petition.

Officials from **St. Louis County** indicated no fiscal impact for this constitutional amendment. The 3/8-cent and 4/10-cent sales taxes for the proposed Law Enforcement Trust Fund in 2018-322, 2018-323, 2018-327 and 2018-328 could provide an opportunity for the St. Louis County Police to receive a grant for law enforcement equipment and

training from the 10% set-aside, but it is not possible to project a dollar figure. No savings or losses are anticipated.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from the **University of Missouri System** indicated they do not believe that this proposal will have a significant impact on their university.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph**, the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, and the Metropolitan Police Department - City of St. Louis.**

Fiscal Note Summary

State government entities estimate increased revenue of $333 million annually and one-time costs of $79,000. Local governments estimate no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 18, 2017

RECEIVED
DEC 18 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Terry Briggs regarding a proposed statutory amendment to Chapter 142, version 3 (2018-326)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Terry Briggs on December 15, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2017 DEC 15 PM 3:59

(INSERT BALLOT TITLE HERE)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

Section 142.803 of the Revised Statutes of Missouri is amended to read as follows:

142.803. 1. A tax is levied and imposed on all motor fuel used or consumed in this state as follows:

(1) Motor fuel, seventeen cents per gallon and an additional tax of two cents per year beginning January 1 of 2019 for five years (for a total increase of ten cents) on any liquid that is commonly or commercially known or sold as a fuel that is suitable for use in a diesel-powered highway vehicle. Provided that such increased tax shall not be imposed on jet fuel sold to a buyer who is registered with the Internal Revenue Service to purchase jet fuel and remit taxes on its sale or use to the Internal Revenue Service nor upon biodiesel commonly referred to as B100 and defined in ASTM D6751, B99, or B99.9 until such biodiesel is blended with other diesel fuel or sold for highway use;

(2) Alternative fuels, not subject to the decal fees as provided in section 142.869, with a power potential equivalent of motor fuel. In the event alternative fuel, which is not commonly sold or measured by the gallon, is used in motor vehicles on the highways of this state, the director is authorized to assess and collect a tax upon such alternative fuel measured by the nearest power potential equivalent to that of one gallon of regular grade gasoline. The determination by the director of the power potential equivalent of such alternative fuel shall be prima facie correct;

(3) Aviation fuel used in propelling aircraft with reciprocating engines, nine cents per gallon as levied and imposed by section 155.080 to be collected as required under this chapter;

(4) Compressed natural gas fuel, five cents per gasoline gallon equivalent until December 31, 2019, eleven cents per gasoline gallon equivalent from January 1, 2020, until December 31, 2024, and then seventeen cents per gasoline gallon equivalent thereafter. The gasoline gallon equivalent and method of sale for compressed natural gas shall be as published by the National Institute of Standards and Technology in Handbooks 44 and 130, and supplements thereto or revisions thereof. In the absence of such standard or agreement, the gasoline gallon equivalent and method of sale for compressed natural gas shall be equal to five and sixty-six-hundredths pounds of compressed natural gas. All applicable provisions contained in this chapter governing administration, collections, and enforcement of the state motor fuel tax shall apply to the tax imposed on compressed natural gas, including but not limited to licensing, reporting, penalties, and interest;

(5) Liquefied natural gas fuel, five cents per diesel gallon equivalent until December 31, 2019, eleven cents per diesel gallon equivalent from January 1, 2020, until December 31, 2024, and then seventeen cents per diesel gallon equivalent thereafter. The diesel gallon equivalent and method of sale for liquefied natural gas shall be as published by the National Institute of Standards and Technology in Handbooks 44 and 130, and supplements thereto or revisions thereof. In the absence of such standard or agreement, the diesel gallon equivalent and method of sale for liquefied natural gas shall be equal to six and six-hundredths pounds of liquefied natural gas. All applicable provisions contained in this chapter governing administration, collections, and enforcement of the state motor fuel tax shall apply to the tax imposed on liquefied natural gas, including but not limited to licensing, reporting, penalties, and interest;

(6) Propane gas fuel, five cents per gallon until December 31, 2019, eleven cents per gallon from January 1, 2020, until December 31, 2024, and then seventeen cents per gallon thereafter. All applicable provisions contained in this chapter governing administration, collection, and enforcement of the state motor fuel tax shall apply to the tax imposed on propane gas including, but not limited to, licensing, reporting, penalties, and interest;

(7) If a natural gas, compressed natural gas, liquefied natural gas, electric, or propane connection is used for fueling motor vehicles and for another use, such as heating, the tax imposed by this section shall apply to the entire amount of natural gas, compressed natural gas, liquefied natural gas, electricity, or propane used unless an approved separate metering and accounting system is in place.

2. All taxes, surcharges and fees are imposed upon the ultimate consumer, but are to be precollected as described in this chapter, for the facility and convenience of the consumer. The levy and assessment on other persons as specified in this chapter shall be as agents of this state for the precollection of the tax.

3. All motor vehicle fuel taxes authorized by this section shall be deposited in the State Road Fund and used only for constructing and maintaining an adequate system of connected state highways. The state auditor shall annually conduct an audit of the taxes authorized by this section to ensure they are being placed to the proper uses and shall release the results of such audit to the public.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-326)

Subject

Initiative petition from Terry Briggs regarding a proposed statutory amendment to Chapter 142, RSMo. (Received December 18, 2017)

Date

January 8, 2018

Description

This proposal would amend Chapter 142, RSMo.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and **the State Auditor's Office.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from **Department of Higher Education** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** estimated one-time and initial setup costs of $82,947 in fiscal year 2019, and increased operating costs of $38,283 in fiscal year 2019, $46,305 in fiscal year 2020, and $46,676 is fiscal year 2021. The department estimates increased revenue of $10,060,000 in fiscal year 2019, $40,240,000 in fiscal year 2020, and $60,360,000 in fiscal year 2021.

The proposed legislation increases the motor fuel tax by two cents each year for five years beginning January 1, 2019.

ITSD cost estimate equals 1002.24 hrs. @ $75 per hr. = $75,168

OA-ITSD Response

Fiscal Note	IP 18-326		ITSD -	DOR	
Bill Number	IP 18-326				
Will a new system be required?		Yes		x	No
Indicate fiscal year when fully implemented			FY	2019	

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	**FY 2019**	**FY 2020**	**FY 2021**
General Revenue	75,168	-	-
Other	-	-	-
Federal Funds	-	-	-
Total	75,168	-	-

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 142.803

			FY 2019	FY 2020	FY 2021
Motor Fuel Tax	Rate	Hours	$	$	$
IT Consultants	75	1,002.24	75,168	-	-
Section Total Expenditures:			75,168	-	-
Section Funding:	General Revenue		75,168	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		75,168	-	-

The proposed legislation increases the motor fuel tax creating a positive impact on total state revenue.

This legislation will increase state revenues.

§142.803 – Increases the motor fuel tax by ten cents per gallon over a five-year period beginning January 1, 2019 for diesel-powered highway vehicles. The proposed tax increase shall not be imposed on jet fuel sold to a buyer who is registered with the Internal Revenue Service to purchase jet fuel. The proposed language requires all proceeds be deposited into the State Road Fund and only be used for constructing and maintaining state highways.

Administrative Impact

The Department will require form changes and programming support to implement the provisions of this legislation.

Excise Tax:
The proposed legislation increases the processing time of motor fuel refunds due to claims being filed using different tax rates. Excise Tax requires one Revenue Processing Technician I for increased review of motor fuel refund claims.

The Department sends rate change information annually for 5 years to approximately 450 licensees notifying them of the rate change.

Revenue Impact

The proposed fuel tax increase for diesel fuel of ten cents per gallon over a five-year period starting January 1, 2019 will result in the following estimated revenue increase* for the three years this fiscal note response covers.

FY 2019-Two cent increase (six months)	$10,060,000
FY 2020-Four cent increase	$40,240,000
FY 2021-Six cent increase	$60,360,000

An additional revenue* increase will occur for the proceeding two years that are not covered in this fiscal note response (FY2022 & FY 2023).

FY 2022-Eight cent increase	$80,480,000
FY 2023-Ten cent increase	$100,600,000

The proposed language requires all proceeds be deposited into the State Road Fund and only be used for constructing and maintaining state highways.

*Revenue increase based on FY2016 Fuel Tax Numbers

OA-ITSD Impact

ITSD - DOR				TOTAL HOURS:	1,002		
Bill Number	IP 18-326	FN #	IP 18-326				
Bill Section(s)	142.803						
Application Name:	Motor Fuel Tax				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	96	7,200	-	-
Analysis			75	48	3,600	-	-
Design			75	48	3,600	-	-
Development			75	624	46,800	-	-
Test			75	96	7,200	-	-
Implementation			75	16	1,200	-	-
Project Management			75	74.24	5,568	-	-
On-going support			75		-	-	-
Section Total IT Consultants:			75	1,002.24	75,168	-	-
Section Total Expenditures:					75,168	-	-
General Revenue					75,168		
Federal					-	-	-
Other							
Section Funding:					75,168	-	-
12. Assumptions and methodology used in arriving at state fiscal impact.							
Standard assumptions.							

The Department provided the following comments:

The Department assumes the ten cent fuel tax increase that spans over five years is exclusively for diesel fuel only, and our fiscal response was based on that assumption. If the sponsor's intent differs than the Departments assumption, clarification and possible revisions may be required.

Without a provision for a floor stock tax retailers could potentially profit two cents per gallon on inventories of fuel maintained on December 31 each year subject to a tax increase. This could result in loss of revenue to the state.

Many consumers apply for non-highway use refunds of the motor fuel tax, there will be many instances of claims being made at different tax rates, which will:

- This increases processing time of motor fuel refunds as each fuel ticket will not only need to be examined to see if it meets the one year time limit but also to identify the date of the ticket to determine the tax rate.

- Generally, fuel receipts do not indicate the tax rate on them. DOR assumes that if they review a fuel tax invoice that is dated on or after the effective date of the tax increase, they could actually be refunding fuel tax at the current rate when in fact the fuel was purchased at the previous tax rate. Unless all retailers and wholesalers are required to print the tax rate on the fuel receipts it is possible DOR will be refunding revenue it did not receive. This may put a burden on retailers to comply. Additionally there is potential for a loss of revenue.

The petition includes no provision to increase Compressed Natural Gas and Liquefied Natural Gas tax rates. Therefore, the rates will different between regular motor fuel types and these products as the motor fuel tax increases.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated their department defers to the Department of Revenue for a fiscal impact.

Officials from the **Office of Administration** indicated this proposal increases the diesel motor fuel tax by $0.02 per year for five years starting in tax year 2019. Based on FY17 diesel motor fuel tax collections of $189.1M, Budget and Planning (B&P) estimates that 1,112.3M gallons of diesel motor fuel were taxed. This proposal further requires that all motor vehicle fuel taxes authorized by Section 142.803 be deposited into the State Road Fund. However, B&P notes that Article IV, Section 30(a) specifies how motor fuel taxes are to be distributed.

Tables 1 and 2 shows the estimated revenue impacts by tax and calendar years.

Table 1: Diesel Motor Fuel Tax by Tax Year

Fiscal Year	Diesel Fuel Tax	State Road Fund	County Aid Road Fund	Other Local Funds
2019	$0.19	15.5	3.4	3.3
2020	$0.21	31.0	6.8	6.7
2021	$0.23	46.5	10.3	20.3
2022	$0.25	62.0	13.7	13.3
2023	$0.27	77.4	17.1	16.7

Figures in $M

Table 2: Diesel Motor Fuel Tax by Fiscal Year

Fiscal Year	Diesel Fuel Tax	State Road Fund	County Aid Road Fund	Other Local Funds
2019	$0.19	7.7	1.7	1.7
2020	$0.21	23.2	5.1	5.0
2021	$0.23	38.7	8.6	8.3
2022	$0.25	54.2	12.0	11.7
2023	$0.27	69.7	15.4	15.0
2024	$0.27	77.4	17.1	16.7

Figures in $M

B&P estimates the increased diesel motor fuel tax will generate $77.4M for the State Road Fund annually, once fully implemented in FY24. The increased tax will also raise local funds of $33.8M annually, once fully implemented in FY24.

Officials from the **Office of State Courts Administrator** indicated no fiscal impact on their office.

Officials from the **Missouri Senate** indicated there is no fiscal impact to their office.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes

the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to their county for this petition.

Officials from **St. Louis County** indicated an increase in the motor vehicle fuel tax of 10 or 12.5 cents phased in over five years as proposed in statutory amendments 2018-324, 2018-325 and 2018-326 would cause an increase in costs for their county's fleet vehicle operations (as they pay the current 17-cent rate).

St. Louis County fleet and police vehicles drove 15,256,413 miles last year. Assuming that the average vehicle can travel 25 miles per gallon of gasoline, that results in an estimated usage of 610,257 gallons of fuel total**.** A ten-cent gas tax increase (2018-324 and 2018-326) would equal a cost increase of $61,026, and a twelve-and-a-half cent increase (2018-325) would result in a $76,282 annual cost increase after the five-year phase in is complete.

Additional comments related to 18-326:

18% of St. Louis County's fleet is diesel, and an estimated 109,846 gallons of diesel fuel is consumed annually. A 10-cent increase in diesel fuel tax would increase St. Louis County's expenses by approximately $10,984.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **University of Missouri System** indicated they do not believe that this proposal will have a significant impact on their university.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph**, the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College.**

Fiscal Note Summary

When fully implemented, the proposal is estimated to annually increase state revenue by $77 million and local government revenue by $34 million. State government entities expect initial setup costs of $83,000 and increased annual costs of $46,000. Local governments expect increased annual costs of at least $11,000.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 18, 2017

RECEIVED
DEC 18 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Terry Briggs regarding a proposed statutory amendment to Chapter 142, version 2 (2018-325)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Terry Briggs on December 15, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2017 DEC 15 PM 3:58

(INSERT BALLOT TITLE HERE)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

Section 142.803 of the Revised Statutes of Missouri is amended to read as follows:

142.803. 1. A tax is levied and imposed on all motor fuel used or consumed in this state as follows:

(1) Motor fuel, seventeen cents per gallon, to increase two and one half cents per year beginning January 1 of 2019 for five years;

(2) Alternative fuels, not subject to the decal fees as provided in section 142.869, with a power potential equivalent of motor fuel. In the event alternative fuel, which is not commonly sold or measured by the gallon, is used in motor vehicles on the highways of this state, the director is authorized to assess and collect a tax upon such alternative fuel measured by the nearest power potential equivalent to that of one gallon of regular grade gasoline. The determination by the director of the power potential equivalent of such alternative fuel shall be prima facie correct;

(3) Aviation fuel used in propelling aircraft with reciprocating engines, nine cents per gallon as levied and imposed by section 155.080 to be collected as required under this chapter;

(4) Compressed natural gas fuel, five cents per gasoline gallon equivalent until December 31, 2019, eleven cents per gasoline gallon equivalent from January 1, 2020, until December 31, 2024, and then seventeen cents per gasoline gallon equivalent thereafter. The gasoline gallon equivalent and method of sale for compressed natural gas shall be as published by the National Institute of Standards and Technology in Handbooks 44 and 130, and supplements thereto or revisions thereof. In the absence of such standard or agreement, the gasoline gallon equivalent and method of sale for compressed natural gas shall be equal to five and sixty-six-hundredths pounds of compressed natural gas. All applicable provisions contained in this chapter governing administration, collections, and enforcement of the state motor fuel tax shall apply to the tax imposed on compressed natural gas, including but not limited to licensing, reporting, penalties, and interest;

(5) Liquefied natural gas fuel, five cents per diesel gallon equivalent until December 31, 2019, eleven cents per diesel gallon equivalent from January 1, 2020, until December 31, 2024, and then seventeen cents per diesel gallon equivalent thereafter. The diesel gallon equivalent and method of sale for liquefied natural gas shall be as published by the National Institute of Standards and Technology in Handbooks 44 and 130, and supplements thereto or revisions thereof. In the absence of such standard or agreement, the diesel gallon equivalent and method of sale for liquefied natural gas shall be equal to six and six-hundredths pounds of liquefied natural gas. All applicable provisions contained in this chapter governing administration, collections, and enforcement of the state motor fuel tax shall apply to the tax imposed on liquefied natural gas, including but not limited to licensing, reporting, penalties, and interest;

(6) Propane gas fuel, five cents per gallon until December 31, 2019, eleven cents per gallon from January 1, 2020, until December 31, 2024, and then seventeen cents per gallon thereafter. All applicable provisions contained in this chapter governing administration, collection, and enforcement of the state motor fuel tax shall apply to the tax imposed on propane gas including, but not limited to, licensing, reporting, penalties, and interest;

(7) If a natural gas, compressed natural gas, liquefied natural gas, electric, or propane connection is used for fueling motor vehicles and for another use, such as heating, the tax imposed by this section shall apply to the entire amount of natural gas, compressed natural gas, liquefied natural gas, electricity, or propane used unless an approved separate metering and accounting system is in place.

2. All taxes, surcharges and fees are imposed upon the ultimate consumer, but are to be precollected as described in this chapter, for the facility and convenience of the consumer. The levy and assessment on other persons as specified in this chapter shall be as agents of this state for the precollection of the tax.

3. All motor vehicle fuel taxes authorized by this section shall be deposited in the State Road Fund and used only for constructing and maintaining an adequate system of connected state highways. The state auditor shall annually conduct an audit of the taxes authorized by this section to ensure they are being placed to the proper uses and shall release the results of such audit to the public.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-325)

Subject

Initiative petition from Terry Briggs regarding a proposed statutory amendment to Chapter 142, RSMo. (Received December 18, 2017)

Date

January 8, 2018

Description

This proposal would amend Chapter 142, RSMo.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and **the State Auditor's Office.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from **Department of Higher Education** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** estimate one-time and initial setup costs of $82,947 in fiscal year 2019, and increased operating costs of $38,283 in fiscal year 2019, $46,305 in fiscal year 2020, and $46,676 is fiscal year 2021. They estimate increased revenue of $38,762,500 in fiscal year 2019, $155,050,000 in fiscal year 2020, and $232,575,000 in fiscal year 2021.

The proposed legislation increases the motor fuel tax by two and one half cents each year for five years beginning January 1, 2019.

OA-ITSD cost estimate equals 1002.24 hrs. @ $75 per hr. = $75,168

OA-ITSD Response

Fiscal Note	IP 18-325		ITSD - DOR		
Bill Number	IP 18-325				
Will a new system be required?		Yes	x	No	
Indicate fiscal year when fully implemented			FY 2019		
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2019**	**FY 2020**	**FY 2021**
General Revenue			75,168	-	-
Other			-	-	-
Federal Funds			-	-	-
Total			75,168	-	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	142.803				
			FY 2019	FY 2020	FY 2021
Motor Fuel Tax	Rate	Hours	$	$	$
IT Consultants	75	1,002.24	75,168	-	-
Section Total Expenditures:			130,291	-	-
Section Funding:	General Revenue		75,168	-	-
	Federal		-	-	-
	Other			-	-
	Total		75,168	-	-

The proposed legislation increases the motor fuel tax creating a positive impact on total state revenue.

This legislation will increase state revenues.

§142.803 – Increases the motor fuel tax by twelve and one half cents per gallon over a five-year period beginning January 1, 2019. The proposed language requires all proceeds be deposited into the State Road Fund and only be used for constructing and maintaining state highways.

Administrative Impact

The Department will require form changes and programming support to implement the provisions of this legislation.

Excise Tax:
The proposed legislation increases the processing time of motor fuel refunds due to claims being filed using different tax rates. Excise Tax requires one Revenue Processing Technician I for increased review of motor fuel refund claims.

The Department sends rate change information annually for 5 years to approximately 450 licensees notifying them of the rate change.

Revenue Impact

The proposed fuel tax increase twelve and one half cents per gallon over a five-year period starting January 1, 2019 will result in the following revenue increase for the three years this fiscal note response covers.

FY 2019-Two cent increase (six months)	$38,762,500
FY 2020-Four cent increase	$155,050,000
FY 2021-Six cent increase	$232,575,000

An additional revenue increase will occur for the proceeding two years that are not covered in this fiscal note response (FY2022 & FY 2023).

FY 2022-Eight cent increase	$310,100,000
FY 2023-Ten cent increase	$387,625,000

The proposed language requires all proceeds be deposited into the State Road Fund and only be used for constructing and maintaining state highways.

*Revenue increase based on FY2016 Fuel Tax Numbers

OA-ITSD Impact

ITSD -	DOR			TOTAL HOURS:	1,002		
Bill Number	IP 18-325	FN #	IP 18-325				
Bill Section(s)	142.803						
Application Name:	Motor Fuel Tax				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	96	7,200	-	-
Analysis			75	48	3,600	-	-
Design			75	48	3,600	-	-
Development			75	624	46,800	-	-
Test			75	96	7,200	-	-
Implementation			75	16	1,200	-	-
Project Management			75	74.24	5,568	-	-
On-going support			75		-	-	-
Section Total IT Consultants:			75	1,002.24	75,168	-	-
Section Total Expenditures:					75,168	-	-
General Revenue					75,168		
Federal					-	-	-
Other							
Section Funding:					75,168	-	-
12. Assumptions and methodology used in arriving at state fiscal impact.							
Standard assumptions.							

The Department provided the following comments:

Without a provision for a floor stock tax retailers could potentially profit two and one half cents per gallon on inventories of fuel maintained on December 31 each year subject to a tax increase. This could result in loss of revenue to the state.

Many consumers apply for non-highway use refunds of the motor fuel tax, there will be many instances of claims being made at different tax rates, which will:

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The petition includes no provision to increase Compressed Natural Gas and Liquefied Natural Gas tax rates. Therefore, the rates will different between regular motor fuel types and these products as the motor fuel tax increases.

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Tables 1 and 2 shows the estimated revenue impacts by tax and calendar years.

Table 1: Motor Fuel Tax by Tax Year

Fiscal Year	Motor Fuel Tax	State Road Fund	County Aid Road Fund	Other Local Funds
2019	$0.19	73.2	16.2	15.8
2020	$0.21	146.4	32.3	31.5
2021	$0.23	219.6	48.5	95.8
2022	$0.25	292.8	64.7	63.1
2023	$0.27	366.0	80.9	78.9

Figures in $M

Table 2: Motor Fuel Tax by Fiscal Year

Fiscal Year	Motor Fuel Tax	State Road Fund	County Aid Road Fund	Other Local Funds
2019	$0.19	36.6	8.1	7.9
2020	$0.21	109.8	24.3	23.7
2021	$0.23	183.0	40.4	39.4
2022	$0.25	256.2	56.6	55.2
2023	$0.27	329.4	72.8	71.0
2024	$0.27	366.0	80.9	78.9

Figures in $M

B&P estimates the increased motor fuel tax will generate $366.0M for the State Road Fund annually, once fully implemented in FY24. The increased tax will also raise local funds of $159.8M annually, once fully implemented in FY24.

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Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

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St. Louis County fleet and police vehicles drove 15,256,413 miles last year. Assuming that the average vehicle can travel 25 miles per gallon of gasoline, that results in an estimated usage of 610,257 gallons of fuel total**.** A ten-cent gas tax increase (2018-324 and 2018-326) would equal a cost increase of $61,026, and a twelve-and-a-half cent increase (2018-

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Fiscal Note Summary

When fully implemented, the proposal is estimated to annually increase state revenue by $366 million and local government revenue by $160 million. State government entities expect initial setup costs of $83,000 and increased annual costs of $46,000. Local governments expect increased annual costs of at least $76,000.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 18, 2017

RECEIVED
DEC 18 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Terry Briggs regarding a proposed statutory amendment to Chapter 142, version 1 (2018-324)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Terry Briggs on December 15, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2017 DEC 15 PM 3:57

(INSERT BALLOT TITLE HERE)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

Section 142.803 of the Revised Statutes of Missouri is amended to read as follows:

142.803. 1. A tax is levied and imposed on all motor fuel used or consumed in this state as follows:

(1) Motor fuel, seventeen cents per gallon, to increase 2 cents per year beginning January 1 of 2019 for five years;

(2) Alternative fuels, not subject to the decal fees as provided in section 142.869, with a power potential equivalent of motor fuel. In the event alternative fuel, which is not commonly sold or measured by the gallon, is used in motor vehicles on the highways of this state, the director is authorized to assess and collect a tax upon such alternative fuel measured by the nearest power potential equivalent to that of one gallon of regular grade gasoline. The determination by the director of the power potential equivalent of such alternative fuel shall be prima facie correct;

(3) Aviation fuel used in propelling aircraft with reciprocating engines, nine cents per gallon as levied and imposed by section 155.080 to be collected as required under this chapter;

(4) Compressed natural gas fuel, five cents per gasoline gallon equivalent until December 31, 2019, eleven cents per gasoline gallon equivalent from January 1, 2020, until December 31, 2024, and then seventeen cents per gasoline gallon equivalent thereafter. The gasoline gallon equivalent and method of sale for compressed natural gas shall be as published by the National Institute of Standards and Technology in Handbooks 44 and 130, and supplements thereto or revisions thereof. In the absence of such standard or agreement, the gasoline gallon equivalent and method of sale for compressed natural gas shall be equal to five and sixty-six-hundredths pounds of compressed natural gas. All applicable provisions contained in this chapter governing administration, collections, and enforcement of the state motor fuel tax shall apply to the tax imposed on compressed natural gas, including but not limited to licensing, reporting, penalties, and interest;

(5) Liquefied natural gas fuel, five cents per diesel gallon equivalent until December 31, 2019, eleven cents per diesel gallon equivalent from January 1, 2020, until December 31, 2024, and then seventeen cents per diesel gallon equivalent thereafter. The diesel gallon equivalent and method of sale for liquefied natural gas shall be as published by the National Institute of Standards and Technology in Handbooks 44 and 130, and supplements thereto or revisions thereof. In the absence of such standard or agreement, the diesel gallon equivalent and method of sale for liquefied natural gas shall be equal to six and six-hundredths pounds of liquefied natural gas. All applicable provisions contained in this chapter governing administration, collections, and enforcement of the state motor fuel tax shall apply to the tax imposed on liquefied natural gas, including but not limited to licensing, reporting, penalties, and interest;

(6) Propane gas fuel, five cents per gallon until December 31, 2019, eleven cents per gallon from January 1, 2020, until December 31, 2024, and then seventeen cents per gallon thereafter. All applicable provisions contained in this chapter governing administration, collection, and enforcement of the state motor fuel tax shall apply to the tax imposed on propane gas including, but not limited to, licensing, reporting, penalties, and interest;

(7) If a natural gas, compressed natural gas, liquefied natural gas, electric, or propane connection is used for fueling motor vehicles and for another use, such as heating, the tax imposed by this section shall apply to the entire amount of natural gas, compressed natural gas, liquefied natural gas, electricity, or propane used unless an approved separate metering and accounting system is in place.

2. All taxes, surcharges and fees are imposed upon the ultimate consumer, but are to be precollected as described in this chapter, for the facility and convenience of the consumer. The levy and assessment on other persons as specified in this chapter shall be as agents of this state for the precollection of the tax.

3. All motor vehicle fuel taxes authorized by this section shall be deposited in the State Road Fund and used only for constructing and maintaining an adequate system of connected state highways. The state auditor shall annually conduct an audit of the taxes authorized by this section to ensure they are being placed to the proper uses and shall release the results of such audit to the public.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-324)

Subject

Initiative petition from Terry Briggs regarding a proposed statutory amendment to Chapter 142, RSMo. (Received December 18, 2017)

Date

January 8, 2018

Description

This proposal would amend Chapter 142, RSMo.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and **the State Auditor's Office.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from **Department of Higher Education** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** estimate one-time and initial setup costs of $82,947 in fiscal year 2019, and increased operating costs of $38,283 in fiscal year 2019, $46,305 in fiscal year 2020, and $46,676 is fiscal year 2021. They estimate increased revenue of $31,010,000 in fiscal year 2019, $124,040,000 in fiscal year 2020, and $186,060,000 in fiscal year 2021.

The proposed legislation increases the motor fuel tax by two cents each year for five years beginning January 1, 2019.

ITSD cost estimate equals 1002.24 hrs. @ $75 per hr. = $75,168

OA-ITSD Response

Fiscal Note	IP 18-324		ITSD - DOR		
Bill Number	IP 18-324				
Will a new system be required?		Yes		x	No
Indicate fiscal year when fully implemented			FY	2019	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2019**	**FY 2020**	**FY 2021**
General Revenue			75,168	-	-
Other			-	-	-
Federal Funds			-	-	-
Total			75,168	-	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	142.803				
			FY 2019	FY 2020	FY 2021
Motor Fuel Tax	Rate	Hours	$	$	$
IT Consultants	75	1,002.24	75,168	-	-
Section Total Expenditures:			75,168	-	-
Section Funding:	General Revenue		75,168	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		75,168	-	-

The proposed legislation increases the motor fuel tax creating a positive impact on total state revenue.

This legislation will increase state revenues.

§142.803 – Increases the motor fuel tax by ten cents per gallon over a five-year period beginning January 1, 2019. The proposed language requires all proceeds be deposited into the State Road Fund and only be used for constructing and maintaining state highways.

Administrative Impact

The Department will require form changes and programming support to implement the provisions of this legislation.

Excise Tax:

The proposed legislation increases the processing time of motor fuel refunds due to claims being filed using different tax rates. Excise Tax requires one Revenue Processing Technician I for increased review of motor fuel refund claims.

The Department sends rate change information annually for 5 years to approximately 450 licensees notifying them of the rate change.

Revenue Impact

The proposed fuel tax increase of ten cents per gallon over a five-year period starting January 1, 2019 will result in the following estimated revenue increase* for the three years this fiscal note response covers.

FY 2019-Two cent increase (six months)	$31,010,000
FY 2020-Four cent increase	$124,040,000
FY 2021-Six cent increase	$186,060,000

Below is the additional estimated revenue increase* that will occur for the proceeding two years that are not covered in this fiscal note response (FY2022 & FY 2023).

FY 2022-Eight cent increase	$248,080,000
FY 2023-Ten cent increase	$310,100,000

The proposed language requires all proceeds be deposited into the State Road Fund and only be used for constructing and maintaining state highways.

*Revenue increase based on FY2016 Fuel Tax Numbers

OA-ITSD Impact

ITSD - DOR				TOTAL HOURS:	1,002		
Bill Number	IP 18-324	FN #	IP 18-324				
Bill Section(s)	142.803						
Application Name:	Motor Fuel Tax				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	96	7,200	-	-
Analysis			75	48	3,600	-	-
Design			75	48	3,600	-	-
Development			75	624	46,800	-	-
Test			75	96	7,200	-	-
Implementation			75	16	1,200	-	-
Project Management			75	74.24	5,568	-	-
On-going support			75		-	-	-
Section Total IT Consultants:			75	1,002.24	75,168	-	-
Section Total Expenditures:					75,168	-	-
General Revenue					75,168		
Federal					-	-	-
Other							
Section Funding:					75,168	-	-
12. Assumptions and methodology used in arriving at state fiscal impact.							
Standard assumptions.							

The Department provided the following comments:

Without a provision for a floor stock tax retailers could potentially profit two cents per gallon on inventories of fuel maintained on December 31 each year subject to a tax increase. This could result in loss of revenue to the state.

Many consumers apply for non-highway use refunds of the motor fuel tax, there will be many instances of claims being made at different tax rates, which will:

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The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph**, the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College.**

Fiscal Note Summary

When fully implemented, the proposal is estimated to annually increase state revenue by $293 million and local government revenue by $128 million. State government entities expect initial setup costs of $83,000 and increased annual costs of $46,000. Local governments expect increased annual costs of at least $61,000.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 18, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
DEC 18 2017
STATE AUDITORS OFFICE

RE: Petition approval request from Terry Briggs regarding a proposed constitutional amendment to Article IV, version 2 (2018-323)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Terry Briggs on December 15, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(INSERT BALLOT TITLE HERE)

RECEIVED
2017 DEC 15 PM 3:35

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

BE IT RESOLVED by the people of the state of Missouri that the Constitution be amended:

Article IV of the Constitution is revised by amending Section 30(b) to read as follows:

Section 30(b). 1. For the sole and exclusive purpose of constructing and maintaining an adequate system of connected state highways all state revenue derived from highway users as an incident to their use or right to use the highways of the state, including all state license fees and taxes upon motor vehicles, trailers and motor vehicle fuels, and upon, with respect to, or on the privilege of the manufacture, receipt, storage, distribution, sale or use thereof (excepting those portions of the sales tax on motor vehicles and trailers which are not distributed to the state road fund pursuant to subsection 2 of this section 30(b) and further excepting all property taxes), less the [(1) actual cost of collection of the department of revenue (but not to exceed three percent of the particular tax or fee collected), (2)] actual cost of refunds for overpayments and erroneous payments of such taxes and fees and maintaining retirement programs as permitted by law[and (3) actual cost of the state highway patrol in administering and enforcing any state motor vehicle laws and traffic regulations,] shall be deposited in the state road fund which is hereby created within the state treasury and stand appropriated without legislative action to be used and expended by the highways and transportation commission for the following purposes, and no other:

First, to the payment of the principal and interest on any outstanding state road bonds. The term state road bonds in this section 30(b) means any bonds or refunding bonds issued by the highways and transportation commission to finance or refinance the construction or reconstruction of the state highway system.

Second, to maintain a balance in the state road fund in the amount deemed necessary to meet the payment of the principal and interest of any state road bonds for the next succeeding twelve months.

The remaining balance in the state road fund shall be used and expended in the sole discretion of and under the supervision and direction of the highways and transportation commission for the following state highway system uses and purposes and no other:

(1) To complete and widen or otherwise improve and maintain the state highway system heretofore designated and laid out under existing laws;

(2) To reimburse the various counties and other political subdivisions of the state, except incorporated cities and towns, for money expended by them in the construction or acquisition of roads and bridges now or hereafter taken over by the highways and transportation commission as permanent parts of the state highway system, to the extent of the value to the state of such roads and bridges at the time taken over, not exceeding in any case the amount expended by such counties and subdivisions in the construction or acquisition of such roads and bridges, except that the highways and transportation commission may, in its discretion, repay, or agree to repay, any cash advanced by a county or subdivision to expedite state road construction or improvement;

(3) In the discretion of the commission to plan, locate, relocate, establish, acquire, construct and maintain the following:

(a) interstate and primary highways within the state;

(b) supplementary state highways and bridges in each county of the state;

(c) state highways and bridges in, to and through state parks, public areas and reservations, and state institutions now or hereafter established to connect the same with the state highways, and also national, state or local parkways, travelways, tourways, with coordinated facilities;

(d) any tunnel or interstate bridge or part thereof, where necessary to connect the state highways of this state with those of other states;

(e) any highway within the state when necessary to comply with any federal law or requirement which is or shall become a condition to the receipt of federal funds;

(f) any highway in any city or town which is found necessary as a continuation of any state or federal highway, or any connection therewith, into and through such city or town; and

(g) additional state highways, bridges and tunnels, either in congested traffic areas of the state or where needed to facilitate and expedite the movement of through traffic.

(4) To acquire materials, equipment and buildings and to employ such personnel as necessary for the purposes described in this subsection 1; and

(5) For such other purposes and contingencies relating and appertaining to the construction and maintenance of such state highway system as the highways and transportation commission may deem necessary and proper.

(6) No revenues or fund balances authorized by this subsection 30(b) shall in any way be diverted for purposes other than those specifically authorized by this subsection.

2. (1) The state sales tax upon the sale of motor vehicles, trailers, motorcycles, mopeds and motortricycles at the rate provided by law on November 2, 2004, is levied and imposed by this section until the rate is changed by law or constitutional amendment.

(2) One-half of the proceeds from the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles shall be dedicated for highway and transportation use and shall be apportioned and distributed as follows: ten percent to the counties, fifteen percent to the cities, two percent to be deposited in the state transportation fund, which is hereby created within the state treasury to be used in a manner provided by law and seventy-three percent to be deposited in the state road fund. The amounts apportioned and distributed to the counties and cities shall be further allocated and used as provided in section 30(a) of this article. The amounts allocated and distributed to the highways and transportation commission for the state road fund shall be used as provided in subsection 1 of this section 30(b). The sales taxes which are apportioned and distributed pursuant to this subdivision (2) shall not include those taxes levied and imposed pursuant to sections 43(a) or 47(a) of this article. The term "proceeds from the state sales tax" as used in this subdivision (2) shall mean and include all revenues received by the department of revenue from the said sales tax, reduced only by refunds for overpayments and erroneous payments of such tax as permitted

by law and actual costs of collection by the department of revenue (but not to exceed three percent of the amount collected).

(3) (i) From and after July 1, 2005, through June 30, 2006, twenty-five percent of the remaining one-half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund which is hereby created within the state treasury; (ii) from and after July 1, 2006, through June 30, 2007, fifty percent of the aforesaid one-half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund; (iii) from and after July 1, 2007, through June 30, 2008, seventy-five percent of the aforesaid one- half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund; and (iv) from and after July 1, 2008, one hundred percent of the aforesaid one-half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund. Moneys deposited in the state road bond fund are hereby dedicated to and shall only be used to fund the repayment of bonds issued by the highways and transportation commission to fund the construction and reconstruction of the state highway system or to fund refunding bonds, except that after January 1, 2009, that portion of the moneys in the state road bond fund which the commissioner of administration and the highways and transportation commission each certify is not needed to make payments upon said bonds or to maintain an adequate reserve for making future payments upon said bonds may be appropriated to the state road fund. The highways and transportation commission shall have authority to issue state road bonds for the uses set forth in this subdivision (3). The net proceeds received from the issuance of such bonds shall be paid into the state road fund and shall only be used to fund construction or reconstruction of specific projects for parts of the state highway system as determined by the highways and transportation commission. The moneys deposited in the state road bond fund shall only be withdrawn by appropriation pursuant to this constitution. No obligation for the payment of moneys so appropriated shall be paid unless the commissioner of administration certifies it for payment and further certifies that the expenditure is for a use which is specifically authorized by the provisions of this subdivision (3). The proceeds of the sales tax which are subject to allocation and deposit into the state road bond fund pursuant to this subdivision (3) shall not include the proceeds of the sales tax levied and imposed pursuant to sections 43(a) or 47(a) of this article nor shall they include the proceeds of that portion of the sales tax apportioned, distributed and dedicated to the school district trust fund on November 2, 2004. The term "proceeds from the state sales tax" as used in this subdivision (3) shall mean and include all revenues received by the department of revenue from the said sales tax, reduced only by refunds for overpayments and erroneous payments of such tax as permitted by law and actual costs of collection by the department of revenue (but not to exceed three percent of the amount collected).

3. After January 1, 1980, any increase in state license fees and taxes on motor vehicles, trailers, motorcycles, mopeds and motortricycles other than those taxes distributed pursuant to subsection 2 of this section 30(b) shall be distributed as follows: ten percent to the counties, fifteen percent to the cities and seventy-five percent to be deposited in the state road fund. The amounts distributed shall be apportioned and distributed to the counties and cities as provided in section 30(a) of this article, to be used for highway purposes.

4. The moneys apportioned or distributed under this section to the state road fund, the state transportation fund, the state road bond fund, counties, cities, towns or villages shall not be included within the definition of "total state revenues" as that term is used in section 17 of Article X of this constitution nor be considered as an "expense of state government" as that term is used in section 20 of article X of this constitution.

5. In order to provide adequate law enforcement on state roads and throughout the state, an additional sales tax of three-eighths of one cent is hereby adopted and imposed upon all sellers for the privilege of selling tangible personal property or rendering taxable services at retail in this state upon the sales and services which now are listed and set forth in, and, except as to the amount of tax, subject to the provisions of and to be collected as provided in the "Sales Tax Law" and subject to the rules and regulations promulgated in connection therewith.

6. The "Missouri Law Enforcement Trust Fund" is hereby established. All revenues generated by the tax in subsection 5 shall be deposited into the Trust Fund. To the extent any amounts in the Trust Fund are not appropriated by the General Assembly in any year, funds shall remain in the Trust Fund for future appropriations consistent with this section and no balances shall be diverted or otherwise appropriated except as authorized by this section. The General Assembly shall appropriate funds in the Trust Fund solely as follows:

(1) to provide for the actual cost of an annual audit of all funds raised or expended under this section;

(2) to provide for the actual cost of the state highway patrol in administering and enforcing any state motor vehicle laws or traffic regulations or for such other state highway patrol functions as the legislature shall deem appropriate;

(3) to provide for the families of law enforcement officers killed or disabled in the line of duty as authorized by law;

(4) to provide grants to local law enforcement for equipment and training as may be provided by law. In any given year, such funding shall not exceed 10% of the revenue generated by subsection 5 in that year.

7. The state auditor shall annually conduct an audit of the funds raised and expenditures authorized under this section and release the report publicly to the taxpayers.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-323)

Subject

Initiative petition from Terry Briggs regarding a proposed constitutional amendment to Article IV. (Received December 18, 2017)

Date

January 8, 2018

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, the Metropolitan Police Department - City of St. Louis,** and **the State Auditor's Office.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from **Department of Higher Education** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** estimated one-time operating costs of $78,850 in fiscal year 2019 and estimate increased titling revenue of $36,095,268 in fiscal year 2019, $43,314,321 in fiscal year 2020, and $43,314,321 in fiscal year 2021.

The proposed legislation increases the sales tax on tangible personal property (TPP) or tangible services at retail.

ITSD cost estimate equals 940.69 hrs. @ $75 per hr. = $70,551

OA-ITSD Response

Fiscal Note	IP 18-323		ITSD - DOR		
Bill Number	IP 18-323				
Will a new system be required?		Yes	X	No	
Indicate fiscal year when fully implemented			FY 2019		

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2019	FY 2020	FY 2021
General Revenue	70,551	-	
Other	-		-
Federal Funds	-		
Total	70,551		

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 30(b)

			FY 2019	FY 2020	FY 2021
TRIPS	Rate	Hours	$	$	$
IT Consultants	75	14.04	1,053	-	-
Section Total Expenditures:			1,053	-	-
Section Funding:	General Revenue		1,053	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		1,053	-	-

Bill Section(s) 30(b)

			FY 2019	FY 2020	FY 2021
Sales Tax Calculator	Rate	Hours	$	$	$
IT Consultants	75	5.40	405	-	-
Section Total Expenditures:			405	-	-
Section Funding:	General Revenue		405	-	-
	Federal		-	-	-
	Other			-	-
	Total		405	-	-

Bill Section(s) 30(b)

			FY 2019	FY 2020	FY 2021
Del-Fee	Rate	Hours	$	$	$
IT Consultants	75	531.36	39,852	-	-
Section Total Expenditures:			39,852	-	-
Section Funding:	General Revenue		39,852	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		39,852	-	-

Bill Section(s)	30(b)				
			FY 2019	FY 2020	FY 2021
MTAS	Rate	Hours	$	$	$
IT Consultants	75	389.88	29,241	-	-
Section Total Expenditures:			29,241	-	-
Section Funding:	General Revenue		29,241	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		29,241	-	-

The proposed legislation will increase sales tax by three-eighths of one percent on retail sales of tangible personal property creating a positive impact on total state revenue.

The proposed legislation would increase revenue from the additional sales tax collected.

Section 30(b)

- Provides strict regulations for distribution of current state sales tax and license fees collected and eliminates the deduction for the Departments cost of collection.
- Provides for an additional sales tax of three-eighths of one cent to be imposed on the sale of tangible personal property and taxable services at retail as provided in the "Sales Tax Law".
- Creates the "Missouri Law Enforcement Trust Fund". Provides regulations for such fund and that all revenues generated from the increased sales tax to be deposited into the fund.
- The State Auditor shall conduct an audit annually of the funds raised and expenditures under this section and release the report publicly.

Administrative Impact

To implement the proposed language, the Department will be required to:

- Update procedures, correspondence letters, and the Department website;
- Update the titling manual;
- Modify title rejection verbiage; and
- Complete programming and user acceptance testing.

FY 2019 – Motor Vehicle Bureau

Management Analysis Spec I	400 hrs. @ $18.42 per hr.	= $ 7,368

FY 2019 – Personnel Service Bureau

Management Analysis Spec I	40 hrs. @ $18.42 per hr.	= $ 737
Administrative Analyst III	10 hrs. @ $19.43 per hr.	= $ 194
Total		= $ 931

Total Costs $ 8,299

OA-ITSD Impact

ITSD - DOR				TOTAL HOURS: 941		
Bill Number	IP 18-323	FN #	IP 18-323			
Bill Section(s)	30(b)					
Application Name:	TRIPS			**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants	**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	1	75	-	-
Analysis		75	1	75	-	
Design		75	1	75		-
Development		75	8	600	-	
Test		75	2	150	-	
Implementation		75	-	-		
Project Management		75	1.04	78	-	
On-going support		75		-	-	
Section Total IT Consultants:		75	14.04	1,053		
Section Total Expenditures:				1,053	-	-
General Revenue				1,053		
Federal				-	-	-

Other							
Section Funding:					1,053	-	-
12. Assumptions and methodology used in arriving at state fiscal impact.							
Development staff estimated the hours required to update existing software to accommodate changes required by the bill.							
2							
Bill Number	IP 18-323	FN #	IP 18-323				
Bill Section(s)	30(b)						
Application Name:	Sales Tax Calculator				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	-	-	-	-
Analysis			75	-	-	-	-
Design			75	-	-	-	-
Development			75	4	300	-	-
Test			75	1	75	-	-
Implementation			75	-	-	-	-
Project Management			75	0.40	30	-	-
On-going support			75		-	-	-
Section Total IT Consultants:			75	5.40	405	-	-
Section Total Expenditures:					405	-	-
General Revenue					405	-	-
Federal					-	-	-
Other					-		
Section Funding:					405	-	-
12. Assumptions and methodology used in arriving at state fiscal impact.							
Development staff estimated the hours required to update existing software to accommodate changes required by the bill.							
3							
Bill Number	IP 18-323	FN #	IP 18-323				
Bill Section(s)	30(b)						
Application Name:	Del-Fee				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**

Requirements Gathering			75	30	2,250		
Analysis			75	30	2,250	-	
Design			75	30	2,250	-	-
Development			75	300	22,500	-	
Test			75	90	6,750	-	-
Implementation			75	12	900	-	-
Project Management			75	39.36	2,952	-	-
On-going support			75		-	-	-
Section Total IT Consultants:			75	531.36	39,852	-	-
Section Total Expenditures:					39,852	-	-
General Revenue					39,852	-	-
Federal					-	-	-
Other							
Section Funding:					39,852	-	-
12. Assumptions and methodology used in arriving at state fiscal impact.							
Development staff estimated the hours required to update existing software to accommodate changes required by the bill. Modifications to 6 mainframe programs, updating existing del-fee records, and calculating State Use Tax separately.							
4							
Bill Number	IP 18-323	FN #	IP 18-323				
Bill Section(s)	30(b)						
Application Name:	MTAS				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	22	1,650	-	-
Analysis			75	22	1,650	-	-
Design			75	22	1,650	-	-
Development			75	220	16,500	-	-
Test			75	66	4,950	-	-
Implementation			75	9	675	-	-
Project Management			75	28.88	2,166	-	-
On-going support			75		-	-	-
Section Total IT Consultants:			75	389.88	29,241	-	-
Section Total Expenditures:					29,241	-	-

General Revenue	29,241	-	-
Federal	-	-	-
Other			
Section Funding:	29,241	-	-

12. Assumptions and methodology used in arriving at state fiscal impact.

Development staff estimated the hours required to update existing software to accommodate changes required by the bill.
MTAS would have to be programmed to account for the new rate and fund.
MTAS would have to be programmed for distribution.

Revenue Impact

The proposed legislation establishes an additional three-eighths of one-cent sales tax to transactions subject to Missouri's sales tax law.

Motor Vehicle State Sales Tax

The Department collects state sales tax on the titling of motor vehicles, trailers, ATV's, motorcycles, motortricycles, boats, and outboard motors. The state sales tax total shown below is the combined total amount of state sales tax collected in FY 2017.

$ 488,088,015	Total tax collected in FY 2017
/ 0.04225	Current state sales tax rate
$11,550,485,562	Total purchase price in FY 2017
x 0.00375	Proposed tax increase
$ 43,314,321	Additional tax collected from the tax increase that would go to the "Missouri Law Enforcement Trust Fund"

Amount Deposited into the "Missouri Law Enforcement Trust Fund"

FY 2019 (10 months)	$36,095,268
FY 2020	$43,314,321
FY 2021	$43,314,321

The Department provided the following comments:

The current tax collected under Section 30(b) is deposited into the state road fund. It is unclear if the proposed language, "For the sole and exclusive purpose of constructing and maintaining an adequate system…", can also impose a new three-eighths of one cent sales tax that is to be deposited into the "Missouri Law Enforcement Trust Fund". The proposed increase would need to be a new tax and not an increase to the existing tax so the funds can be distributed properly to the correct funds.

The proposed language requires the Department to impose and collect an additional sales tax on tangible personal property and taxable services. It appears that the amendment

reduces the amount received by the Department for collection expenses. The Department's collection expenses, up to 3% of the particular fee or tax collected is no longer subtracted from the amount of tax collected under this constitutional amendment.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated their department defers to the Department of Revenue for a fiscal impact.

Officials from the **Office of Administration** indicated this proposal impose a three-eighths of 1% state sales tax to provide additional money for law enforcement on state roads. If this proposal passes during the 2018 General Election, the new sales tax would begin January 1, 2019. Based on gross general revenue tax collection in fiscal year (FY 17) of $2,147.1 million, they estimate that the 0.375% sales tax would generate $134.2M in FY 19 and $268.4M in FY 20 and annually thereafter. Money from this additional sales tax is to be deposited into the "Missouri Law Enforcement Trust Fund". This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated no fiscal impact on their office.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2

RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any direct impact on their office. Additional monies for law enforcement, will result in additional cases for the State Public Defender System.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to their county for this petition.

Officials from **St. Louis County** indicated no fiscal impact for this constitutional amendment. The 3/8-cent and 4/10-cent sales taxes for the proposed Law Enforcement Trust Fund in 2018-322, 2018-323, 2018-327 and 2018-328 could provide an opportunity for the St. Louis County Police to receive a grant for law enforcement equipment and training from the 10% set-aside, but it is not possible to project a dollar figure. No savings or losses are anticipated.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **University of Missouri System** indicated they do not believe that this proposal will have a significant impact on their university.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph**, the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, and the Metropolitan Police Department - City of St. Louis.**

Fiscal Note Summary

State government entities estimate increased revenue of $268 million annually and one-time costs of $79,000. Local governments estimate no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 18, 2017

RECEIVED
DEC 18 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Terry Briggs regarding a proposed constitutional amendment to Article IV, version 1 (2018-322)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Terry Briggs on December 15, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(INSERT BALLOT TITLE HERE)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

BE IT RESOLVED by the people of the state of Missouri that the Constitution be amended:

Article IV of the Constitution is revised by amending Section 30(b) to read as follows:

Section 30(b). 1. For the sole and exclusive purpose of constructing and maintaining an adequate system of connected state highways all state revenue derived from highway users as an incident to their use or right to use the highways of the state, including all state license fees and taxes upon motor vehicles, trailers and motor vehicle fuels, and upon, with respect to, or on the privilege of the manufacture, receipt, storage, distribution, sale or use thereof (excepting those portions of the sales tax on motor vehicles and trailers which are not distributed to the state road fund pursuant to subsection 2 of this section 30(b) and further excepting all property taxes), less the [(1) actual cost of collection of the department of revenue (but not to exceed three percent of the particular tax or fee collected), (2)] actual cost of refunds for overpayments and erroneous payments of such taxes and fees and maintaining retirement programs as permitted by law[and (3) actual cost of the state highway patrol in administering and enforcing any state motor vehicle laws and traffic regulations,] shall be deposited in the state road fund which is hereby created within the state treasury and stand appropriated without legislative action to be used and expended by the highways and transportation commission for the following purposes, and no other:

First, to the payment of the principal and interest on any outstanding state road bonds. The term state road bonds in this section 30(b) means any bonds or refunding bonds issued by the highways and transportation commission to finance or refinance the construction or reconstruction of the state highway system.

Second, to maintain a balance in the state road fund in the amount deemed necessary to meet the payment of the principal and interest of any state road bonds for the next succeeding twelve months.

The remaining balance in the state road fund shall be used and expended in the sole discretion of and under the supervision and direction of the highways and transportation commission for the following state highway system uses and purposes and no other:

(1) To complete and widen or otherwise improve and maintain the state highway system heretofore designated and laid out under existing laws;

(2) To reimburse the various counties and other political subdivisions of the state, except incorporated cities and towns, for money expended by them in the construction or acquisition of roads and bridges now or hereafter taken over by the highways and transportation commission as permanent parts of the state highway system, to the extent of the value to the state of such roads and bridges at the time taken over, not exceeding in any case the amount expended by such counties and subdivisions in the construction or acquisition of such roads and bridges, except that the highways and transportation commission may, in its discretion, repay, or agree to repay, any cash advanced by a county or subdivision to expedite state road construction or improvement;

(3) In the discretion of the commission to plan, locate, relocate, establish, acquire, construct and maintain the following:

(a) interstate and primary highways within the state;

(b) supplementary state highways and bridges in each county of the state;

(c) state highways and bridges in, to and through state parks, public areas and reservations, and state institutions now or hereafter established to connect the same with the state highways, and also national, state or local parkways, travelways, tourways, with coordinated facilities;

(d) any tunnel or interstate bridge or part thereof, where necessary to connect the state highways of this state with those of other states;

(e) any highway within the state when necessary to comply with any federal law or requirement which is or shall become a condition to the receipt of federal funds;

(f) any highway in any city or town which is found necessary as a continuation of any state or federal highway, or any connection therewith, into and through such city or town; and

(g) additional state highways, bridges and tunnels, either in congested traffic areas of the state or where needed to facilitate and expedite the movement of through traffic.

(4) To acquire materials, equipment and buildings and to employ such personnel as necessary for the purposes described in this subsection 1; and

(5) For such other purposes and contingencies relating and appertaining to the construction and maintenance of such state highway system as the highways and transportation commission may deem necessary and proper.

(6) No revenues or fund balances authorized by this subsection 30(b) shall in any way be diverted for purposes other than those specifically authorized by this subsection.

2. (1) The state sales tax upon the sale of motor vehicles, trailers, motorcycles, mopeds and motortricycles at the rate provided by law on November 2, 2004, is levied and imposed by this section until the rate is changed by law or constitutional amendment.

(2) One-half of the proceeds from the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles shall be dedicated for highway and transportation use and shall be apportioned and distributed as follows: ten percent to the counties, fifteen percent to the cities, two percent to be deposited in the state transportation fund, which is hereby created within the state treasury to be used in a manner provided by law and seventy-three percent to be deposited in the state road fund. The amounts apportioned and distributed to the counties and cities shall be further allocated and used as provided in section 30(a) of this article. The amounts allocated and distributed to the highways and transportation commission for the state road fund shall be used as provided in subsection 1 of this section 30(b). The sales taxes which are apportioned and distributed pursuant to this subdivision (2) shall not include those taxes levied and imposed pursuant to sections 43(a) or 47(a) of this article. The term "proceeds from the state sales tax" as used in this subdivision (2) shall mean and include all revenues received by the department of revenue from the said sales tax, reduced only by refunds for overpayments and erroneous payments of such tax as permitted

by law and actual costs of collection by the department of revenue (but not to exceed three percent of the amount collected).

(3) (i) From and after July 1, 2005, through June 30, 2006, twenty-five percent of the remaining one-half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund which is hereby created within the state treasury; (ii) from and after July 1, 2006, through June 30, 2007, fifty percent of the aforesaid one-half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund; (iii) from and after July 1, 2007, through June 30, 2008, seventy-five percent of the aforesaid one- half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund; and (iv) from and after July 1, 2008, one hundred percent of the aforesaid one-half of the proceeds of the state sales tax on all motor vehicles, trailers, motorcycles, mopeds and motortricycles which is not distributed by subdivision (2) of subsection 2 of this section 30(b) shall be deposited in the state road bond fund. Moneys deposited in the state road bond fund are hereby dedicated to and shall only be used to fund the repayment of bonds issued by the highways and transportation commission to fund the construction and reconstruction of the state highway system or to fund refunding bonds, except that after January 1, 2009, that portion of the moneys in the state road bond fund which the commissioner of administration and the highways and transportation commission each certify is not needed to make payments upon said bonds or to maintain an adequate reserve for making future payments upon said bonds may be appropriated to the state road fund. The highways and transportation commission shall have authority to issue state road bonds for the uses set forth in this subdivision (3). The net proceeds received from the issuance of such bonds shall be paid into the state road fund and shall only be used to fund construction or reconstruction of specific projects for parts of the state highway system as determined by the highways and transportation commission. The moneys deposited in the state road bond fund shall only be withdrawn by appropriation pursuant to this constitution. No obligation for the payment of moneys so appropriated shall be paid unless the commissioner of administration certifies it for payment and further certifies that the expenditure is for a use which is specifically authorized by the provisions of this subdivision (3). The proceeds of the sales tax which are subject to allocation and deposit into the state road bond fund pursuant to this subdivision (3) shall not include the proceeds of the sales tax levied and imposed pursuant to sections 43(a) or 47(a) of this article nor shall they include the proceeds of that portion of the sales tax apportioned, distributed and dedicated to the school district trust fund on November 2, 2004. The term "proceeds from the state sales tax" as used in this subdivision (3) shall mean and include all revenues received by the department of revenue from the said sales tax, reduced only by refunds for overpayments and erroneous payments of such tax as permitted by law and actual costs of collection by the department of revenue (but not to exceed three percent of the amount collected).

3. After January 1, 1980, any increase in state license fees and taxes on motor vehicles, trailers, motorcycles, mopeds and motortricycles other than those taxes distributed pursuant to subsection 2 of this section 30(b) shall be distributed as follows: ten percent to the counties, fifteen percent to the cities and seventy-five percent to be deposited in the state road fund. The amounts distributed shall be apportioned and distributed to the counties and cities as provided in section 30(a) of this article, to be used for highway purposes.

4. The moneys apportioned or distributed under this section to the state road fund, the state transportation fund, the state road bond fund, counties, cities, towns or villages shall not be included within the definition of "total state revenues" as that term is used in section 17 of Article X of this constitution nor be considered as an "expense of state government" as that term is used in section 20 of article X of this constitution.

5. In order to provide adequate law enforcement on state roads and throughout the state, an additional sales tax of four-tenths of one cent is hereby adopted and imposed upon all sellers for the privilege of selling tangible personal property or rendering taxable services at retail in this state upon the sales and services which now are listed and set forth in, and, except as to the amount of tax, subject to the provisions of and to be collected as provided in the "Sales Tax Law" and subject to the rules and regulations promulgated in connection therewith.

6. The "Missouri Law Enforcement Trust Fund" is hereby established. All revenues generated by the tax in subsection 5 shall be deposited into the Trust Fund. To the extent any amounts in the Trust Fund are not appropriated by the General Assembly in any year, funds shall remain in the Trust Fund for future appropriations consistent with this section and no balances shall be diverted or otherwise appropriated except as authorized by this section. The General Assembly shall appropriate funds in the Trust Fund solely as follows:

(1) to provide for the actual cost of an annual audit of all funds raised or expended under this section;

(2) to provide for the actual cost of the state highway patrol in administering and enforcing any state motor vehicle laws or traffic regulations or for such other state highway patrol functions as the legislature shall deem appropriate;

(3) to provide for the families of law enforcement officers killed or disabled in the line of duty as authorized by law;

(4) to provide grants to local law enforcement for equipment and training as may be provided by law. In any given year, such funding shall not exceed 10% of the revenue generated by subsection 5 in that year.

7. The state auditor shall annually conduct an audit of the funds raised and expenditures authorized under this section and release the report publicly to the taxpayers.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-322)

Subject

Initiative petition from Terry Briggs regarding a proposed constitutional amendment to Article IV. (Received December 18, 2017)

Date

January 8, 2018

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, the Metropolitan Police Department - City of St. Louis,** and **the State Auditor's Office.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from **Department of Higher Education** indicated this petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** estimated one-time operating costs of $78,850 in fiscal year 2019 and estimate increased titling revenue of $38,501,618 in fiscal year 2019, $46,201,942 in fiscal year 2020, and $46,201,942 in fiscal year 2021.

The proposed legislation increases the sales tax on tangible personal property or tangible services at retail.

ITSD cost estimate equals 940.69 hrs. @ $75 per hr. = $70,551

OA-ITSD Response

Fiscal Note	IP 18-322	ITSD -	DOR
Bill Number	IP 18-322		
Will a new system be required?		Yes	X No
Indicate fiscal year when fully implemented		FY	2019

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2019	FY 2020	FY 2021
General Revenue	70,551	-	
Other	-		-
Federal Funds	-		
Total	70,551		

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 30(b)

			FY 2019	FY 2020	FY 2021
TRIPS	Rate	Hours	$	$	$
IT Consultants	75	14.04	1,053	-	-
Section Total Expenditures:			1,053	-	-
Section Funding:	General Revenue		1,053	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		1,053	-	-

Bill Section(s) 30(b)

			FY 2019	FY 2020	FY 2021
Sales Tax Calculator	Rate	Hours	$	$	$
IT Consultants	75	5.40	405	-	-
Section Total Expenditures:			405	-	-
Section Funding:	General Revenue		405	-	-
	Federal		-	-	-
	Other			-	-
	Total		405	-	-

Bill Section(s) 30(b)

			FY 2019	FY 2020	FY 2021
Del-Fee	Rate	Hours	$	$	$
IT Consultants	75	531.36	39,852	-	-
Section Total Expenditures:			39,852	-	-
Section Funding:	General Revenue		39,852	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		39,852	-	-

Bill Section(s)	30(b)				
			FY 2019	FY 2020	FY 2021
MTAS	Rate	Hours	$	$	$
IT Consultants	75	389.88	29,241	-	-
Section Total Expenditures:			29,241	-	-
Section Funding:	General Revenue		29,241	-	-
	Federal		-	-	-
	Other		-	-	-
	Total		29,241	-	-

The proposed legislation will increase sales tax by four-tenths of one percent on retail sales of tangible personal property creating a positive impact on total state revenue.

The proposed legislation would increase revenue from the additional sales tax collected.

Section 30(b)

- Provides strict regulations for distribution of current state sales tax and license fees collected and eliminates the deduction for the Departments cost of collection.
- Provides for an additional sales tax of four-tenths of one cent to be imposed on the sale of tangible personal property and taxable services at retail as provided in the "Sales Tax Law".
- Creates the "Missouri Law Enforcement Trust Fund". Provides regulations for such fund and that all revenues generated from the increased sales tax to be deposited into the fund.
- The State Auditor shall conduct an audit annually of the funds raised and expenditures under this section and release the report publicly.

Administrative Impact

To implement the proposed language, the Department will be required to:

- Update procedures, correspondence letters, and the Department website;
- Update the titling manual;
- Modify title rejection verbiage; and
- Complete programming and user acceptance testing.

FY 2019 – Motor Vehicle Bureau

Management Analysis Spec I	400 hrs. @ $18.42 per hr.	= $ 7,368

FY 2019 – Personnel Service Bureau

Management Analysis Spec I	40 hrs. @ $18.42 per hr.	= $ 737
Administrative Analyst III	10 hrs. @ $19.43 per hr.	= $ 194
Total		= $ 931

Total Costs $ 8,299

OA-ITSD Impact

ITSD - DOR				TOTAL HOURS: 941		
Bill Number	IP 18-322	FN #	IP 18-322			
Bill Section(s)	30(b)					
Application Name:	TRIPS			**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants	**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering		75	1	75	-	-
Analysis		75	1	75	-	
Design		75	1	75		-
Development		75	8	600	-	
Test		75	2	150	-	
Implementation		75	-	-		
Project Management		75	1.04	78	-	
On-going support		75		-	-	
Section Total IT Consultants:		75	14.04	1,053		
Section Total Expenditures:				1,053	-	-
General Revenue				1,053		
Federal				-	-	-

Other							
Section Funding:					1,053	-	-
12. Assumptions and methodology used in arriving at state fiscal impact.							
Development staff estimated the hours required to update existing software to accommodate changes required by the bill.							
2							
Bill Number	IP 18-322	FN #	IP 18-322				
Bill Section(s)	30(b)						
Application Name:	Sales Tax Calculator				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	-	-	-	-
Analysis			75	-	-	-	-
Design			75	-	-	-	-
Development			75	4	300	-	-
Test			75	1	75	-	-
Implementation			75	-	-	-	-
Project Management			75	0.40	30	-	-
On-going support			75		-	-	-
Section Total IT Consultants:			75	5.40	405	-	-
Section Total Expenditures:					405	-	-
General Revenue					405	-	-
Federal					-	-	-
Other					-		
Section Funding:					405	-	-
12. Assumptions and methodology used in arriving at state fiscal impact.							
Development staff estimated the hours required to update existing software to accommodate changes required by the bill.							
3							
Bill Number	IP 18-322	FN #	IP 18-322				
Bill Section(s)	30(b)						
Application Name:	Del-Fee				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**

Requirements Gathering			75	30	2,250		
Analysis			75	30	2,250	-	
Design			75	30	2,250	-	-
Development			75	300	22,500	-	
Test			75	90	6,750	-	-
Implementation			75	12	900	-	-
Project Management			75	39.36	2,952	-	-
On-going support			75		-	-	-
Section Total IT Consultants:			75	531.36	39,852	-	-
Section Total Expenditures:					39,852	-	-
General Revenue					39,852	-	-
Federal					-	-	-
Other							
Section Funding:					39,852	-	-

12. Assumptions and methodology used in arriving at state fiscal impact.

Development staff estimated the hours required to update existing software to accommodate changes required by the bill.
Modifications to 6 mainframe programs, updating existing del-fee records, and calculating State Use Tax separately.

4

Bill Number	IP 18-322	FN #	IP 18-322				
Bill Section(s)	30(b)						
Application Name:	MTAS				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	22	1,650	-	-
Analysis			75	22	1,650	-	-
Design			75	22	1,650	-	-
Development			75	220	16,500	-	-
Test			75	66	4,950	-	-
Implementation			75	9	675	-	-
Project Management			75	28.88	2,166	-	-
On-going support			75		-	-	-
Section Total IT Consultants:			75	389.88	29,241	-	-
Section Total Expenditures:					29,241	-	-

General Revenue	29,241	-	-
Federal	-	-	-
Other			
Section Funding:	29,241	-	-

12. Assumptions and methodology used in arriving at state fiscal impact.

Development staff estimated the hours required to update existing software to accommodate changes required by the bill.
MTAS would have to be programmed to account for the new rate and fund.
MTAS would have to be programmed for distribution.

Revenue Impact

The proposed legislation establishes an additional four-tenths of one-cent sales tax to transactions subject to Missouri's sales tax law.

Motor Vehicle State Sales Tax

The Department collects state sales tax on the titling of motor vehicles, trailers, ATV's, motorcycles, motortricycles, boats, and outboard motors. The state sales tax total shown below is the combined total amount of state sales tax collected in FY 2017.

$ 488,088,015	Total tax collected in FY 2017
/ 0.04225	Current state sales tax rate
$11,550,485,562	Total purchase price in FY 2017
x 0.004	Proposed tax increase
$ 46,201,942	Additional tax collected from the tax increase that would go to the "Missouri Law Enforcement Trust Fund"

Amount Deposited into the "Missouri Law Enforcement Trust Fund"

FY 2019 (10 months)	$38,501,618
FY 2020	$46,201,942
FY 2021	$46,201,942

The Department provided the following comments:

The current tax collected under Section 30(b) is deposited into the state road fund. It is unclear if the proposed language, "For the sole and exclusive purpose of constructing and maintaining an adequate system…", can also impose a new four-tenths of one cent sales tax that is to be deposited into the "Missouri Law Enforcement Trust Fund". The proposed increase would need to be a new tax and not an increase to the existing tax so the funds can be distributed properly to the correct funds.

The proposed language requires the Department to impose and collect an additional sales tax on tangible personal property and taxable services. It appears that the amendment

reduces the amount received by the Department for collection expenses. The Department's collection expenses, up to 3% of the particular fee or tax collected is no longer subtracted from the amount of tax collected under this constitutional amendment.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated their department defers to the Department of Revenue for a fiscal impact.

Officials from the **Office of Administration** indicated this proposal impose a 4/10th of 1% state sales tax to provide additional money for law enforcement on state roads. If this proposal passes during the 2018 General Election, the new sales tax would begin January 1, 2019. Based on gross general revenue tax collection in fiscal year (FY) 17 of $2,147.1 million, Budget and Planning (B&P) estimate that the 0.4% sales tax would generate $143.1M in FY 19 and $286.3M in FY 20 and annually thereafter. Money from this additional sales tax is to be deposited into the "Missouri Law Enforcement Trust Fund". This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated no fiscal impact on their office.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2

RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any direct impact on their office. Additional monies for law enforcement, will result in additional cases for the State Public Defender System.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings as a result of this amendment.

Officials from **St. Louis County** indicated no fiscal impact for this constitutional amendment. The 3/8-cent and 4/10-cent sales taxes for the proposed Law Enforcement Trust Fund in 2018-322, 2018-323, 2018-327 and 2018-328 could provide an opportunity for the St. Louis County Police to receive a grant for law enforcement equipment and training from the 10% set-aside, but it is not possible to project a dollar figure. No savings or losses are anticipated.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **University of Missouri System** indicated they do not believe that this proposal will have a significant impact on their university.

Officials from the **State Auditor's office** indicated this proposal should have no fiscal impact on their office. Any impact can be absorbed through current appropriations.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph**, the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, and St. Louis Community College, Kansas City Board of Police Commissioners, and the Metropolitan Police Department - City of St. Louis.**

Fiscal Note Summary

State government entities estimate increased revenue of $286 million annually and one-time costs of $79,000. Local governments estimate no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 12, 2017

RECEIVED
DEC 12 2017
STATE AUDITOR'S OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Theodis Brown regarding a proposed statutory amendment to Chapter 590 (2018-321)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Theodis Brown on December 12, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jay Ashcroft

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

	NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street)	(City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Street address of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires: _____

RECEIVED 2017 DEC 12 AM 9:38

BE IT ENACTED BY THE PEOPLES OF THE STATE OF MISSOURI;

SECTION 590.750RSMO REPEALED FOR ALL 115 COUNTIES &OF THE REVISED MISSOURI STATUTES ARE HEREBY AMENDED TO READ AS FOLLOWS;

*590.750. **Department to have sole authority to regulate and license advisors — commissioning of advisors — minimum liability insurance — acting without a license, penalty — rulemaking authority — application procedure.** — 1. The department of public safety shall have the sole authority to regulate and license all corporate security advisors. Licensed corporate security advisors who are not also commissioned by the department shall not have the power of arrest for violations of the criminal code, except as otherwise provided by law. 9 Mo Atty Gen Opin 65 of 1979 (Aug 20)

2. The director shall have the sole authority to commission corporate security advisors. No person shall hold a commission as a corporate security advisor without a valid peace officer license. The director shall commission corporate security advisors as he or she deems appropriate, taking into consideration the education, training, and experience of each individual in relation to the powers of peace officers and the limitations on the powers of peace officers in regard to the constitutional rights of citizens to be secure in their persons and property. Each individual commissioned by the department shall be issued a commission by the director of the department and before entering into the performance of his or her duties shall subscribe before the clerk of a circuit court of this state an oath, in the form prescribed by Article VII, Section 11 of the Constitution of Missouri, to support the Constitution and laws of the United States and this state; to faithfully demean himself or herself in the office; and to faithfully perform the duties of the office. The executed oath of office, along with a copy of the individual's commission, shall be filed with the director until the commission is terminated or revoked.

3. The authority and jurisdiction of a corporate security advisor shall be limited only by the geographical limits of the state, unless the corporate

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 12, 2017

RECEIVED
DEC 12 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Theodis Brown regarding a proposed statutory amendment to Chapter 57 (2018-320)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Theodis Brown on December 12, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

	NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street)	(City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Street address of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires: _____

RECEIVED
2017 DEC 12 AM 9:07

BE IT ENACTED BY THE PEOPLES OF THE STATE OF MISSOURI;

SECTION 57.010.2RSMO REPEALED TO ORGINAL SECTION OF 1978 FOR ALL 115 COUNTIES &OF THE REVISED MISSOURI STATUTES ARE HEREBY AMENDED TO READ AS FOLLOWS;

57.010. Election — qualifications — certificate of election — sheriff to hold valid peace officer license, when. — 1. At the general election to be held in 1948, and at each general election held every four years thereafter, the voters in every county in this state shall elect some suitable person sheriff. No person shall be eligible for the office of sheriff who has been convicted of a felony. Such person shall be a resident taxpayer and elector of said county, shall have resided in said county for more than one whole year next before filing for said office and shall be a person capable of efficient law enforcement. When any person shall be elected sheriff, such person shall enter upon the discharge of the duties of such person's office as chief law enforcement officer of that county on the first day of January next succeeding said election.

2. No person shall be eligible for the office of sheriff who does not hold a valid peace officer license pursuant to chapter 590. Any person filing for the office of sheriff shall have a valid peace officer license at the time of filing for office. This subsection shall not apply to the sheriff of any county of the first classification with a charter form of government with a population over nine hundred thousand or of any city not within a county.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 12, 2017

RECEIVED
DEC 12 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Theodis Brown regarding a proposed statutory amendment to Chapter 320 (2018-319)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Theodis Brown on December 12, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

	NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street)	(City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Street address of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

_____
Address of Notary

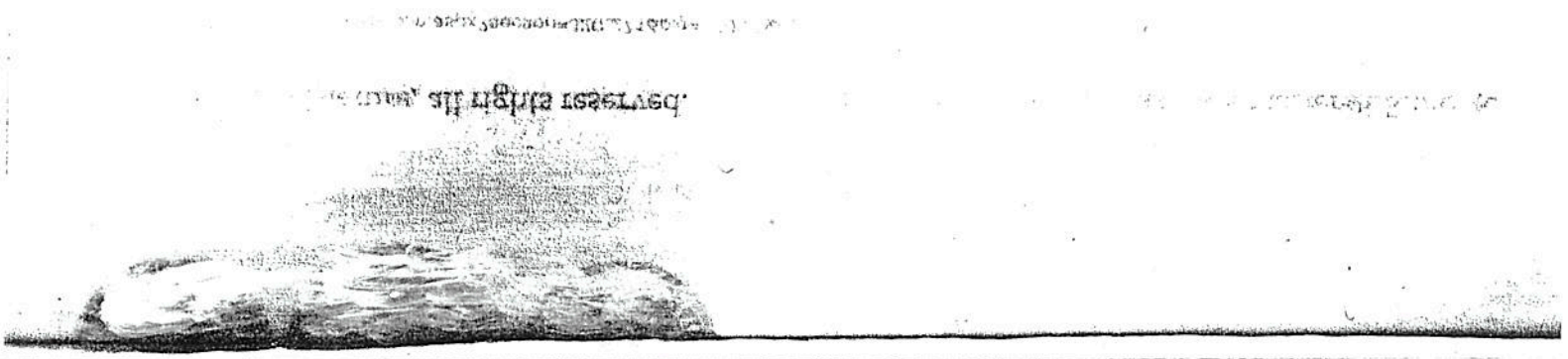
Notary Public (Seal)

My commission expires: _____

RECEIVED
2017 DEC 12 AM 9:36

BE IT ENACTED BY THE PEOPLES OF THE STATE OF MISSOURI;

SECTION;320.271RSMO2007 &OF THE REVISED MISSOURI STATUTES ARE HEREBY AMENDED,TO READ AS FOLLOW;



320.271. Information to be filed with fire marshal, by certain fire protection organizations — when — identification numbers. — All fire protection districts, fire departments, and all volunteer fire protection associations as defined in section 320.300 shall complete and file with the state fire marshal within sixty days after January 1, 2008, and annually thereafter, a fire department registration form provided by the state fire marshal. The state fire marshal may issue a fire department identification number to each registered fire protection district, fire department, or volunteer fire protection association based upon such registration. The state fire marshal may conduct periodic reviews of the information provided on each fire department registration form and may deny or revoke a fire department identification number based upon the information provided.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 12, 2017

RECEIVED
DEC 12 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article V, version 2 (2018-318)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on December 12, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
2018 DEC 12 AM 9:25

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 201__.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

NOTICE: You are advised that in addition to the express amendments, repeals, and modifications as set forth below, this proposal may repeal, change or modify by implication, or may be construed by some persons to repeal, change or modify by implication, Article IV, Section 4, Article V, Sections 8, 19, 25(a), 25(c)(1), 25(c)(2), 25(d), 25(e), 25(f), and 25(g), and Article VIII, Section 23 of the Constitution of Missouri.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

To amend Sections 8, 19, 25(a), and 25(f), and enact Sections 1(a), 25(c)(3), 25(c)(4), 25(c)(5), and 25(c)(6) of Article V of the Constitution of Missouri to read as follows:

Section 1(a). 1. Judges of the supreme court and court of appeals shall be elected in elections conducted in the same manner as contested elections for governor.

2. The election of judges derives from the principle that all political power is vested in and derived from the people, and all government of right originates from the people, is founded upon their will only, and is instituted solely for the good of the whole, and further, that all courts of justice shall be open to every person without sale, denial, or delay. Judges shall therefore be accountable to the citizens of this state, this constitution, and the United States Constitution, and not beholden to any particular association or alliance of lawyers, judges, or interest groups. To accomplish this purpose, as set forth in sections 25(a) through (g), judges of the supreme court and court of appeals shall henceforth stand for election, and shall no longer be selected by the governor from nominations made by commissions of lawyers, judges, and the governor's chosen appointees. Voters in most circuits shall continue to have the ability to choose the method by which circuit and associate circuit judges are selected. Section 1(a) and sections 25(a) through (g) shall be known as the "Missouri Plan for Judicial Fairness and Accountability."

Section 8. [The judges of the supreme court shall elect from their number a] The chief justice [to] shall preside over the supreme court en banc, and the judges of the court of appeals in each district shall elect from their number a chief judge of the district. The terms of the [chief justice and] chief judges shall be fixed by the courts over which they preside. The chief justice of the supreme court shall be the chief administrative officer of the judicial system and, subject to the supervisory authority of the supreme court, shall supervise the administration of the courts of this state.

Section 19. Judges of the supreme court, including the chief justice, and judges and of the court of appeals shall be selected for terms of [twelve] six years, judges of the circuit courts for terms of six years, and associate circuit judges for terms of four years. No supreme court judge, supreme court chief justice, or court of appeals judge shall be elected to a particular judicial seat for more than two consecutive terms.

Section 25(a). Whenever a vacancy shall occur in the office of [judge of any of the following courts of this state, to wit: The supreme court, the court of appeals, or in the office of] circuit or associate circuit judge within the city of St. Louis and Jackson County, the governor shall fill such vacancy by appointing one of three persons possessing the qualifications for such office, who shall be nominated and whose names shall be submitted to the governor by a nonpartisan judicial commission established and organized as hereinafter provided. If the governor fails to appoint any of the nominees within sixty days after the list of nominees is submitted, the nonpartisan judicial commission making the nomination shall appoint one of the nominees to fill the vacancy. Whenever a vacancy shall occur in the office of judge of the supreme court, supreme court chief justice, or judge of the court of appeals, it shall be promptly filled under article 4, section 4 of this constitution and such appointee shall hold office for the remainder of the vacating judge's term.

Section 25(c)(1). Each judge appointed to the office of circuit or associate circuit judge pursuant to the provisions of sections 25(a)-(g) shall hold office for a term ending December thirty-first following the next general election after the expiration of twelve months in the office. Any circuit or associate circuit judge holding office, or elected thereto, at the time of the election by which the provisions of sections 25(a)-(g) become applicable to his office, shall, unless removed for cause, remain in office for the term to which he would have been entitled had the provisions of sections 25(a)-(g) not become applicable to his office. Not less than sixty days prior to the holding of the general election next preceding the expiration of his term of office, any circuit or associate circuit judge whose office is subject to the provisions of sections 25(a)-(g) may file in the office of the secretary of state a declaration of candidacy for election to succeed himself. If a declaration is not so filed [by any judge], the vacancy resulting from the expiration of his term of office shall be filled by appointment as herein provided. If such declaration is filed, his name shall be submitted at said next general election to the voters eligible to vote [within the state if his office is that of judge of the supreme court, or within the geographic jurisdiction limit of the district where he serves if his office is that of a judge of the court of appeals, or] within the circuit if his office is that of circuit judge, or within the county if his office is that of associate circuit judge on a separate judicial ballot, without party designation, reading:

"Shall Judge .....

(Here the name of the judge shall be inserted) of the .....

(Here the title of the court shall be inserted) be retained in office? Yes No

(Mark an "X" in the box you prefer.)" If a majority of those voting on the question vote against retaining him in office, upon the expiration of his term of office, a vacancy shall exist which shall be filled by appointment as provided in section 25(a); otherwise, said judge shall, unless removed for cause, remain in office for the number of years after December thirty-first following such election as is provided for the full term of such office, and at the expiration of each such term shall be eligible for retention in office by election in the manner here prescribed.

Section 25(c)(3). Judges of the court of appeals and supreme court shall be elected at the general election by the voters eligible to vote within the appellate district of the seat being elected as set forth in sections 25(c)(4) and 25(c)(5). Except as set forth in section 25(a), they shall hold office for a term expiring December thirty-first in the sixth year after their election. The provisions of sections 25(c)(1) and 25(c)(2) shall not apply to court of appeals or supreme court judges.

Section 25(c)(4). Supreme court judges shall be elected as follows. If the general assembly has provided by law for three appellate districts, a chief justice shall be elected at large and two supreme court judges shall be elected from each court of appeals district by the voters eligible to vote within that district, but if greater than three court of appeals districts are established or the geographical boundaries of the districts change such that the following divisions cannot be made, then elections for supreme court judges other than the chief justice shall be as established by law, or if no law timely establishes procedures for such elections, then elections for all supreme court seats shall be at large. Seats E1 and E2 shall be elected from the court of appeals district which includes the City of St. Louis. Seats S1 and S2 shall be elected from the court of appeals district which includes the City of

Springfield. Seats W1 and W2 shall be elected from the court of appeals district which includes the City of Kansas City. Seat CJ, the seat of the chief judge, shall be elected at large. Seats E1 and S1 shall be known as "Class 1" and elected in 2020 and every sixth successive year. Seats W1 and E2 shall be known as "Class 2" and elected in 2022 and every sixth successive year. Seats S2, W2, and the chief justice's at-large seat, CJ, shall be known as "Class 3" and elected in 2024 and every sixth successive year. A supreme court judge shall be a resident of the appellate district from which he or she is elected no later than the day of his or her election.

Section 25(c)(5). The following transition provisions shall apply: 1. Those supreme court judges holding office as of 5:00 p.m. on December 6, 2018, shall not be required to reside in any particular appellate district but on that date shall nonetheless be assigned the following seat designations for purposes of implementing elections and filling vacancies. The seat designations shall be assigned in the following order: CJ, W2, S2, E2, W1, S1, E1. First, beginning with Seat CJ, seats will be assigned to judges who have been retained by voters, starting with the judge most recently retained by voters. For judges retained at the same time, the judge having served the least time on the supreme court shall be assigned first. After all judges who have been retained have been assigned seats, judges who have been appointed shall be assigned, with judges most recently appointed to be assigned first. If all judges who have been retained or appointed have been assigned seats, and it appears that one or more supreme court seats was vacated on or before December 6, 2018, but remained unfilled by the end of that date, these vacancies will be immediately assigned a class and seat, using the order set forth in this section until all seats through Seat S1 are filled, and in assigning seat designations to vacancies, vacancies created by a judge whose last name is first in alphabetical order will have precedence. A seat held by any judge who lost a retention election in the 2018 general election shall be treated as vacant solely for purposes of assigning a class and seat under this transition provision, even though the judge shall hold office until December 31, 2018, and the seat shall be treated as vacant for purposes of section 25(a) on January 1, 2019, and thereafter filled under the provisions of that section.

2. Court of appeals judges who were last retained in the 2008 or 2010 general elections, or the successors to vacancies left by such judges, shall stand in the 2020 general election, court of appeals judges who were last retained in the 2012 or 2014 general elections, or the successors to vacancies left by such judges, shall stand in the 2022 general election, and court of appeals judges who were last retained in the 2016 or 2018 general elections, or the successors to vacancies left by such judges, shall stand in the 2024 general election. The candidate elected in each such election shall serve for the term prescribed by section 19, and every succeeding six years, a new election shall be held for that judicial office. Court of appeals judges first eligible for retention in the 2020 general election under the immediately prior version of section 25(c)(1), which was effective until the end of thirty days after the election adopting this section, shall stand for election in the 2020 general election. Any seat held by a court of appeals judge who loses a retention election in the 2018 general election shall be treated as vacant on January 1, 2019, and shall thereafter be filled under the provisions of section 25(a). Any law providing for additional court of appeals seats shall specify the first general election at which the seat shall be filled.

3. A supreme court or court of appeals vacancy that opened before the end of thirty days after the election adopting this section but was not yet filled as of that time and date shall be filled by the governor under the provisions of section 25(a).

4. The transition provisions of this section 25(c)(5) shall be severable from the remainder of section 25(a) through (g).

Section 25(c)(6). 1. Elections for the offices of judge of the supreme court and court of appeals shall be partisan elections.

2. All declarations for candidacy for the offices of judge of the supreme court and court of appeals shall be filed in the office of the secretary of state no later than 120 days before the primary election.

3. Political parties shall nominate party candidates for supreme court or court of appeals judge using the same procedures the laws provide for candidates for governor. Additionally, groups of voters may nominate independent candidates. The person so nominated by a group of voters may qualify as an independent candidate in the general election using the same procedures the laws provide for candidates for governor, except that the nominating petition must be signed by at least thirty thousand registered voters in the appellate district, or two percent of the voters who voted in the appellate district in the last election for governor, whichever is less. Notwithstanding the provisions of section 25(d), the governor shall have no power to appoint to any judicial office any person selected by the Appellate Judicial Commission.

4. Unless otherwise provided by law, primary and general elections for the offices of judge of the supreme court and court of appeals shall be held in the same manner as elections for governor. Contests to the results of an election under this section, whether on the basis of qualification, irregularity, or other cause, or for recount other than any automatic recount as may be provided by law, shall be heard and determined in the same manner as contested elections for governor, unless otherwise provided by law.

5. The provisions of this section 25(c)(6) shall be severable from the remainder of section 25(a) through (g).

Section 25(f). No judge of any court in this state, appointed or elected to or retained in office in the manner prescribed in sections 25(a)-(g), shall directly or indirectly make any contribution to or hold any office in a political party or organization, or take part in any political campaign[.] except as provided in sections 25(a)–(g). A judge or judicial candidate may announce his or her views on disputed legal or political issues provided that the judge or judicial candidate does not make pledges or promises to render specific rulings or decisions on pending litigation. Judicial candidates and judges who are judicial candidates shall be allowed to solicit, receive and make campaign contributions, and make and receive the benefit of campaign expenditures for their own campaigns as may be provided by law. Nothing herein shall preclude the application of laws or rules of the supreme court governing judicial participation in specific cases based on a judge's political activity with respect to the subject matter or parties. The provisions of this section 25(f) shall be severable from the remainder of section 25(a) through (g), except that nothing shall prohibit a candidate for the supreme court or court of appeals from making or accepting contributions to or taking part in his or her own political campaign.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-318)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article V. (Received December 12, 2017)

Date

January 2, 2018

Description

This proposal would amend Article V of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, St. Louis County Board of Elections, Board of Election Commissioners City of St. Louis, Kansas City Board of Election Commissioners, Platte County Board of Elections, Jackson County Election Board,** and **Clay County Board of Election Commissioners.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/MHTC.

Officials from the **Office of Administration** indicated this proposal amends Article V of the Constitution of Missouri by requiring partisan elections for judges of the Supreme Court and Court of Appeals. Judges would be elected for six-year terms and would not be allowed to be elected to a particular judicial seat for more than two consecutive terms. Judges would be elected at a general election. The Chief Justice shall be elected at large and two Supreme Court justices will be elected from each court of appeals district. This proposal also includes specific protections to allow judges to announce their views on disputed legal or political issues, solicit, receive and make campaign contributions and receive the benefit of campaign expenditures for their own campaigns. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated:

The initiative petition proposing to amend Article V would require the election of all Supreme Court, Courts of Appeal, Circuit Court and Associate Circuit Court Judges, if approved by the voters.

The proposed legislation would eliminate the appellate judicial commission, which would save $7,741 annually.

Under the proposed legislation a Supreme Court judge, the Chief Justice or court of appeals judge may not serve more than two consecutive terms, which would result in a complete turnover every twelve years. As a result, the cost to training the new judges will increase. The cost for holding new judge orientation class can be from 20 participants to 50 participants and cost $29,168 to $54,568. There are 39 judicial positions in the state that this proposed legislation would affect so the cost of training is estimated to between $29,168 and $54,568 per year.

Judicial vacancies in the Supreme Court, Supreme Court Chief Justice and Court of Appeals, happen throughout the year. Under the proposed legislation, whenever a vacancy shall occur the Governor would appoint the judge to serve the remaining term. Some judicial positions could be vacant for an extended period. During this time, the courts would need to transfer sitting judges or bring in senior judges to handle the existing workload. Since there is no way to quantify the amount of transfers or senior judges that would be needed, the fiscal impact to the judiciary is unknown at this time. Any significant changes will be reflected in future budget request.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings as a result of this amendment.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **Kansas City Election Board** indicated it depends on when these elections are held. If the election is held during a primary or general election during an even-numbered year, then the cost would be picked up by the City of Kansas City, MO and Jackson County, MO. If the election is held at any other time, the state would pay it's pro-rata share of election costs. The average cost of a special election in the Kansas City portion of Jackson County is roughly $500,000. Their pro-rata portion would be based on who else participated in that election.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph**, the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **University of Missouri, St. Louis Community College, St. Louis County Board of Elections, Board of Election Commissioners City of St. Louis, Platte County Board of Elections**, **Jackson County Election Board,** and **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State court officials estimate cost savings of approximately $8,000 annually, increased training costs ranging from approximately $29,000 to $55,000 annually, and unknown annual costs related to judicial vacancies. Local governments estimate no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 12, 2017

RECEIVED
DEC 12 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article V, version 1 (2018-317)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on December 12, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
2017 DEC 12 AM 9:28

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 201__.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

NOTICE: You are advised that in addition to the express amendments, repeals, and modifications as set forth below, this proposal may repeal, change or modify by implication, or may be construed by some persons to repeal, change or modify by implication, Article IV, Section 4, Article V, Sections 8, 19, 25(a), 25(c)(1), 25(c)(2), 25(d), 25(e), 25(f), and 25(g), and Article VIII, Section 23 of the Constitution of Missouri.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

To amend Sections 8, 19, 25(a), and 25(f), and enact Sections 1(a), 25(c)(3), 25(c)(4), 25(c)(5), and 25(c)(6) of Article V of the Constitution of Missouri to read as follows:

Section 1(a). 1. Judges of the supreme court and court of appeals shall be elected in nonpartisan elections.

2. The election of judges derives from the principle that all political power is vested in and derived from the people, and all government of right originates from the people, is founded upon their will only, and is instituted solely for the good of the whole, and further, that all courts of justice shall be open to every person without sale, denial, or delay. Judges shall therefore be accountable to the citizens of this state, this constitution, and the United States Constitution, and not beholden to any particular association or alliance of lawyers, judges, or interest groups. To accomplish this purpose, as set forth in sections 25(a) through (g), judges of the supreme court and court of appeals shall henceforth stand for election, and shall no longer be selected by the governor from nominations made by commissions of lawyers, judges, and the governor's chosen appointees. Voters in most circuits shall continue to have the ability to choose the method by which circuit and associate circuit judges are selected. Section 1(a) and sections 25(a) through (g) shall be known as the "Missouri Nonpartisan Court Plan."

Section 8. [The judges of the supreme court shall elect from their number a] The chief justice [to] shall preside over the supreme court en banc, and the judges of the court of appeals in each district shall elect from their number a chief judge of the district. The terms of the [chief justice and] chief judges shall be fixed by the courts over which they preside. The chief justice of the supreme court shall be the chief administrative officer of the judicial system and, subject to the supervisory authority of the supreme court, shall supervise the administration of the courts of this state.

Section 19. Judges of the supreme court, including the chief justice, and judges and of the court of appeals shall be selected for terms of [twelve] six years, judges of the circuit courts for terms of six years, and associate circuit judges for terms of four years. No supreme court judge, supreme court chief justice, or court of appeals judge shall be elected to a particular judicial seat for more than two consecutive terms.

Section 25(a). Whenever a vacancy shall occur in the office of [judge of any of the following courts of this state, to wit: The supreme court, the court of appeals, or in the office of] circuit or associate circuit judge within the city of St. Louis and Jackson County, the governor shall fill such vacancy by appointing one of three persons possessing the qualifications for such office, who shall be nominated and whose names shall be submitted to the governor by a nonpartisan judicial commission established and organized as hereinafter provided. If the governor fails to appoint any of the nominees within sixty days after the list of nominees is submitted, the nonpartisan judicial commission making the nomination shall appoint one of the nominees to fill the vacancy. Whenever a vacancy shall occur in the office of judge of the supreme court, supreme court chief justice, or judge of the court of appeals, it shall be promptly filled under article 4, section 4 of this constitution and such appointee shall hold office for the remainder of the vacating judge's term.

Section 25(c)(1). Each judge appointed to the office of circuit or associate circuit judge pursuant to the provisions of sections 25(a)-(g) shall hold office for a term ending December thirty-first following the next general election after the expiration of twelve months in the office. Any circuit or associate circuit judge holding office, or elected thereto, at the time of the election by which the provisions of sections 25(a)-(g) become applicable to his office, shall, unless removed for cause, remain in office for the term to which he would have been entitled had the provisions of sections 25(a)-(g) not become applicable to his office. Not less than sixty days prior to the holding of the general election next preceding the expiration of his term of office, any circuit or associate circuit judge whose office is subject to the provisions of sections 25(a)-(g) may file in the office of the secretary of state a declaration of candidacy for election to succeed himself. If a declaration is not so filed [by any judge], the vacancy resulting from the expiration of his term of office shall be filled by appointment as herein provided. If such declaration is filed, his name shall be submitted at said next general election to the voters eligible to vote [within the state if his office is that of judge of the supreme court, or within the geographic jurisdiction limit of the district where he serves if his office is that of a judge of the court of appeals, or] within the circuit if his office is that of circuit judge, or within the county if his office is that of associate circuit judge on a separate judicial ballot, without party designation, reading:

"Shall Judge .....

(Here the name of the judge shall be inserted) of the .....

(Here the title of the court shall be inserted) be retained in office? Yes No

(Mark an "X" in the box you prefer.)" If a majority of those voting on the question vote against retaining him in office, upon the expiration of his term of office, a vacancy shall exist which shall be filled by appointment as provided in section 25(a); otherwise, said judge shall, unless removed for cause, remain in office for the number of years after December thirty-first following such election as is provided for the full term of such office, and at the expiration of each such term shall be eligible for retention in office by election in the manner here prescribed.

Section 25(c)(3). Judges of the court of appeals and supreme court shall be elected at the general election by the voters eligible to vote within the appellate district of the seat being elected as set forth in sections 25(c)(4) and 25(c)(5). Except as set forth in section 25(a), they shall hold office for a term expiring December thirty-first in the sixth year after their election. The provisions of sections 25(c)(1) and 25(c)(2) shall not apply to court of appeals or supreme court judges.

Section 25(c)(4). Supreme court judges shall be elected as follows. If the general assembly has provided by law for three appellate districts, a chief justice shall be elected at large and two supreme court judges shall be elected from each court of appeals district by the voters eligible to vote within that district, but if greater than three court of appeals districts are established or the geographical boundaries of the districts change such that the following divisions cannot be made, then elections for supreme court judges other than the chief justice shall be as established by law, or if no law timely establishes procedures for such elections, then elections for all supreme court seats shall be at large. Seats E1 and E2 shall be elected from the court of appeals district which includes the City of St. Louis. Seats S1 and S2 shall be elected from the court of appeals district which includes the City of Springfield. Seats W1 and W2 shall be elected from the court of appeals district which includes the City of Kansas City. Seat CJ,

the seat of the chief judge, shall be elected at large. Seats E1 and S1 shall be known as "Class 1" and elected in 2020 and every sixth successive year. Seats W1 and E2 shall be known as "Class 2" and elected in 2022 and every sixth successive year. Seats S2, W2, and the chief justice's at-large seat, CJ, shall be known as "Class 3" and elected in 2024 and every sixth successive year. A supreme court judge shall be a resident of the appellate district from which he or she is elected no later than the day of his or her election.

Section 25(c)(5). The following transition provisions shall apply: 1. Those supreme court judges holding office as of 5:00 p.m. on December 6, 2018, shall not be required to reside in any particular appellate district but on that date shall nonetheless be assigned the following seat designations for purposes of implementing elections and filling vacancies. The seat designations shall be assigned in the following order: CJ, W2, S2, E2, W1, S1, E1. First, beginning with Seat CJ, seats will be assigned to judges who have been retained by voters, starting with the judge most recently retained by voters. For judges retained at the same time, the judge having served the least time on the supreme court shall be assigned first. After all judges who have been retained have been assigned seats, judges who have been appointed shall be assigned, with judges most recently appointed to be assigned first. If all judges who have been retained or appointed have been assigned seats, and it appears that one or more supreme court seats was vacated on or before December 6, 2018, but remained unfilled by the end of that date, these vacancies will be immediately assigned a class and seat, using the order set forth in this section until all seats through Seat S1 are filled, and in assigning seat designations to vacancies, vacancies created by a judge whose last name is first in alphabetical order will have precedence. A seat held by any judge who lost a retention election in the 2018 general election shall be treated as vacant solely for purposes of assigning a class and seat under this transition provision, even though the judge shall hold office until December 31, 2018, and the seat shall be treated as vacant for purposes of section 25(a) on January 1, 2019, and thereafter filled under the provisions of that section.
2. Court of appeals judges who were last retained in the 2008 or 2010 general elections, or the successors to vacancies left by such judges, shall stand in the 2020 general election, court of appeals judges who were last retained in the 2012 or 2014 general elections, or the successors to vacancies left by such judges, shall stand in the 2022 general election, and court of appeals judges who were last retained in the 2016 or 2018 general elections, or the successors to vacancies left by such judges, shall stand in the 2024 general election. The candidate elected in each such election shall serve for the term prescribed by section 19, and every succeeding six years, a new election shall be held for that judicial office. Court of appeals judges first eligible for retention in the 2020 general election under the immediately prior version of section 25(c)(1), which was effective until the end of thirty days after the election adopting this section, shall stand for election in the 2020 general election. Any seat held by a court of appeals judge who loses a retention election in the 2018 general election shall be treated as vacant on January 1, 2019, and shall thereafter be filled under the provisions of section 25(a). Any law providing for additional court of appeals seats shall specify the first general election at which the seat shall be filled.
3. A supreme court or court of appeals vacancy that opened before the end of thirty days after the election adopting this section but was not yet filled as of that time and date shall be filled by the governor under the provisions of section 25(a).
4. The transition provisions of this section 25(c)(5) shall be severable from the remainder of section 25(a) through (g).

Section 25(c)(6). 1. Elections for the offices of judge of the supreme court and court of appeals shall be non-partisan elections. No political party may or shall nominate any candidate for these judicial offices, and no primary or general election ballot shall include a party designation for any of these judicial offices. However, the general assembly shall make no law prohibiting a candidate from declaring himself or herself a supporter of a political party, or prohibiting a political party from declaring its support for a candidate.
2. All declarations for candidacy for the offices of judge of the supreme court and court of appeals shall be filed in the office of the secretary of state no later than 120 days before the primary election. A candidate, whether or not an incumbent, may file such declaration using a form provided by the secretary of state. All declarations shall be accompanied by either a nominating petition or a nomination form. A nominating petition shall have been signed no earlier than 180 days before the primary election by twenty voters eligible to vote in the applicable appellate district, or in the case of the chief justice, in the state. A nomination form shall be signed by all members of the Appellate Judicial Commission no earlier than 180 days before the primary. The Appellate Judicial Commission may issue nomination forms for up to three individuals per race, but this shall include individuals who do not file declarations and therefore do not become candidates.
3. The two candidates receiving the highest number of votes in the primary election shall stand in the general election. The candidate achieving the greatest number of votes in the general election shall be elected to the judicial office.
4. Primary and general elections for the offices of judge of the supreme court and court of appeals shall be held in the same manner as gubernatorial elections to the greatest extent possible for nonpartisan elections, or as may otherwise be provided by law. Contests to the results of an election under this section, whether on the basis of qualification, irregularity, or other cause, or for recount other than any automatic recount as may be provided by law, shall be heard and determined in the same manner as gubernatorial elections to the greatest extent possible for nonpartisan elections, or as otherwise provided by law.
5. The provisions of this section 25(c)(6) shall be severable from the remainder of section 25(a) through (g).

Section 25(f). No judge of any court in this state, appointed or elected to or retained in office in the manner prescribed in sections 25(a)-(g), shall directly or indirectly make any contribution to or hold any office in a political party or organization, or take part in any political campaign[.] except as provided in sections 25(a)–(g). A judge or judicial candidate may announce his or her views on disputed legal or political issues provided that the judge or judicial candidate does not make pledges or promises to render specific rulings or decisions on pending litigation. Judicial candidates and judges who are judicial candidates shall be allowed to solicit, receive and make campaign contributions, and make and receive the benefit of campaign expenditures for their own campaigns as may be provided by law. Nothing herein shall preclude the application of laws or rules of the supreme court governing judicial participation in specific cases based on a judge's political activity with respect to the subject matter or parties. The provisions of this section 25(f) shall be severable from the remainder of section 25(a) through (g), except that nothing shall prohibit a candidate for the supreme court or court of appeals from making or accepting contributions to or taking part in his or her own political campaign.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-317)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article V. (Received December 12, 2017)

Date

January 2, 2018

Description

This proposal would amend Article V of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, St. Louis County Board of Elections, Board of Election Commissioners City of St. Louis, Kansas City Board of Election Commissioners, Platte County Board of Elections, Jackson County Election Board,** and **Clay County Board of Election Commissioners.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this initiative petition.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact to their department/MHTC.

Officials from the **Office of Administration** indicated this proposal amends Article V of the Constitution of Missouri by requiring nonpartisan elections for judges of the Supreme Court and Court of Appeals. Elected judges would serve six-year terms and could not hold a particular judicial seat for more than two consecutive terms. Judges would be elected at a general election. The Chief Justice shall be elected at large and two Supreme Court justices will be elected from each Court of Appeals district. This proposal also includes specific protections to allow judges to announce their views on disputed legal or political issues, solicit, receive and make campaign contributions and receive the benefit of campaign expenditures for their own campaigns. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated:

The initiative petition proposing to amend Article V would require the election of all Supreme Court, Courts of Appeal, Circuit Court and Associate Circuit Court Judges, if approved by the voters.

The proposed legislation would eliminate the appellate judicial commission, which would save $7,741 annually.

Under the proposed legislation a Supreme Court judge, the Chief Justice or court of appeals judge may not serve more than two consecutive terms, which would result in a complete turnover every twelve years. As a result, the cost to training the new judges will increase. The cost for holding new judge orientation class can be from 20 participants to 50 participants and cost $29,168 to $54,568. There are 39 judicial positions in the state that this proposed legislation would affect so the cost of training is estimated to between $29,168 and $54,568 per year.

Judicial vacancies in the Supreme Court, Supreme Court Chief Justice and Court of Appeals, happen throughout the year. Under the proposed legislation, whenever a vacancy shall occur the Governor would appoint the judge to serve the remaining term. Some judicial positions could be vacant for an extended period. During this time, the courts would need to transfer sitting judges or bring in senior judges to handle the existing workload. Since there is no way to quantify the amount of transfers or senior judges that would be needed, the fiscal impact to the judiciary is unknown at this time. Any significant changes will be reflected in future budget request.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills

that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings as a result of this amendment.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **Kansas City Election Board** indicated it depends on when these elections are held. If the election is held during a primary or general election during an even-numbered year, then the cost would be picked up by the City of Kansas City, MO and

Jackson County, MO. If the election is held at any other time, the state would pay it's pro-rata share of election costs. The average cost of a special election in the Kansas City portion of Jackson County is roughly $500,000. Their pro-rata portion would be based on who else participated in that election.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore, the City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College, Metropolitan Community College, University of Missouri,** and **St. Louis Community College, St. Louis County Board of Elections, Board of Election Commissioners City of St. Louis, Platte County Board of Elections**, **Jackson County Election Board,** and **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State court officials estimate cost savings of approximately $8,000 annually, increased training costs ranging from approximately $29,000 to $55,000 annually, and unknown annual costs related to judicial vacancies. Local governments estimate no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 8, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
DEC 0 6 2017
STATE AUDITORS OFFICE

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article XIV, version 3 (2018-316)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on December 7, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
2017 DEC -7 PM 1:00

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 201__.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

NOTICE: The proposed amendment creates one new section of one new Article, to be known as Article XIV, Section 1. It changes, repeals, or modifies by implication, or may be construed to change, repeal or modify by implication, Article III, Sections 40 and 41.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XIV is created by adopting one new section to be known as Section 1.

ARTICLE XIV, SECTION 1. The provisions of this section shall be known as the Right to Remember Amendment. Missouri has a proud heritage of leadership and volunteerism by private citizens who have helped build this state and nation, and who have ensured that the enduring lessons of our history are remembered and handed down to future generations of Missourians. It shall therefore continue to be the public policy of this state to remember our nation's and state's historic conflicts, events, and figures by preserving the historical memorials and monuments in this state.

(a) No memorial that is, or is located on, public property may be removed, renamed, un-named, relocated, materially altered, rededicated, or de-dedicated, except in such manner and to such extent as the general assembly may provide by law.

(b) In making provisions by law under subsection (a), the general assembly may pass or repeal a local or special law or repeal in part a general law, notwithstanding that a general law could have been made applicable. However, in passing or repealing such special or local law, the general assembly shall comply with article III, section 42 of this constitution.

(c) Nothing herein shall prevent or prohibit the following acts, so long as the acting entity ensures that any memorial is preserved to the greatest extent possible: (1) a public entity having responsibility for maintaining a memorial, or a nonprofit entity acting with permission of the public entity, taking proper and appropriate measures, and exercising proper and appropriate means, for the upkeep, care, preservation, protection, repair, and restoration of the memorial;

(2) the state relocating, removing, or materially altering a memorial located on public property if it determines that the memorial interferes with the construction, maintenance, or operation of public property or improvements to public property, so long as any such action is also taken consistent with federal historical preservation law;

(3) the general assembly taking any action necessary to comply with federal law or passing general laws necessary to allow the state or persons residing in Missouri to compete for, or maintain eligibility for, federal grants, federal contracts, or other federal funding opportunities; the state from taking any act required by federal law to maintain a state historic preservation officer or state historic preservation program, as may be defined by federal law; or any local government from taking any act required by federal law to seek or maintain status as a certified local government, as may be defined by federal law.

(d) For purposes of this section: (1) "Historic conflict" means any war, battle, or military conflict in which citizens of the United States or any state or territory of the United States have participated;

(2) "Historic entity" means any entity recognized as having state, national, military, or historical significance;

(3) "Historic event" means any event recognized as having state, national, military, or historical significance;

(4) "Historic figure" means any individual who has been recognized as having served or participated in any historic conflict, historic event, historic entity, public office, or in public service;

(5) "Historic organization" means any entity that has as one (1) or more of its material missions the recognition of, or preservation of sites, structures, or artifacts relating to, any historic conflict, historic entity, historic event, or historic figure;

(6) "Memorial" means: (A) Any public real property or park, preserve, or reserve located on public property that has been named or dedicated in honor of any historic conflict, historic entity, historic event, historic figure, or historic organization; or (B) Any statue; monument; memorial; bust; nameplate; plaque; artwork; flag; the name of any school, street, bridge, or building; or historical display that has been erected for, named, or dedicated on public property in honor of any historic conflict, historic entity, historic event, historic figure, or historic organization; and

(7) "Public property" means all property owned, leased, rented, managed, or maintained by or under the authority of this state, any county, municipality, metropolitan government, special district, or any other public entity that is created by act of the general assembly to perform any public function.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-316)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article XIV. (Received December 8, 2017)

Date

December 28, 2017

Description

This proposal would amend Article XIV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb

the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to OA (Office of Administration) for response to this fiscal note request.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal adds Article XIV, Section 1 to the Missouri Constitution. It would prohibit the removal, renaming, un-naming, relocation, alteration, rededication or de-dedication of any historical memorials location on public property except as the General Assembly may provide by law. This would impact state agencies, including the Division of Facilities Management, Design and Construction (FMDC). The proposal provides an exception if any such action is also taken consistent with federal historical preservation law. Under federal law, the listing of a property in the National Register of Historic Places imposes no restrictions on what a non-federal owner may do with their property up to and including destruction, unless the property is involved in a project that receives federal assistance. Therefore, the meaning of "federal historical preservation law" is unclear.

To the extent that this amendment might prohibit FMDC from removing or relocating a memorial as needed for construction or repair of state property, this bill could result in increased costs to FMDC because FMDC would have to find a way work around the memorial in question or find an alternative location, if possible. Without more information, however, FMDC is unable to calculate the potential fiscal impact of this petition. The costs would depend upon the nature of the project, the location of the memorial, etc.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core

funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College**.

Fiscal Note Summary

State and local government entities estimate no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 8, 2017

RECEIVED
DEC 0 8 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article VI, (2018-315)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on December 7, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

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2017 DEC -7 PM 1:02
SEC OF STATE

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition.
If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 201__.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

NOTICE: You are advised that the proposed amendment to the constitution changes, repeals, or modifies by implication, or may be construed to change, repeal or modify by implication, Article VI of the Missouri Constitution and section 67.307, RSMo. The proposed amendment revises Article VI of the Constitution by adding one new section to be known as section 34.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article VI is amended by adopting one new section to be known as Section 34.

Section 34. Every municipality and municipal official shall cooperate and comply with requests from United States Immigration and Customs Enforcement (ICE) to detain any alien, maintain custody of any alien, or transfer any alien to ICE. For the purposes of this section, "municipal official" includes any elected official, appointed official, or law enforcement officer serving the municipality, as well as any contractor hired by the municipality. For purposes of this section, "municipality" includes, without limitation, every subdivision and special district.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-315)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article VI. (Received December 8, 2017)

Date

December 28, 2017

Description

This proposal would amend Article VI of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb

the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Article VI of the MO Constitution by adding Section 34. This new section requires every municipality and municipal official to cooperate and comply with requests from the US Immigration and Customs Enforcement (ICE) to detain, maintain custody or transfer any alien to ICE. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they

reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College**.

Fiscal Note Summary

State and local government entities estimate no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 8, 2017

RECEIVED
DEC 0 6 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article XIV, version 2 (2018-314)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on December 7, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

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2018 DEC 27 PM 4:01

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 201__.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

NOTICE: The proposed amendment creates five new sections of one new Article, to be known as Article XIV, Sections 1, 2, 3, 4, and 5. It changes, repeals, or modifies by implication, or may be construed to change, repeal or modify by implication Article I, Sections 29 and Chapters 8, 34, 89, 105, 285, 286, 290, 292, 295, 393, 516, 610, and 630 of the Revised Statutes.

The proposed amendment creates five new sections of one new Article, to be known as Article XIV, Sections 1, 2, 3, 4, and 5.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XIV is created by adopting five new sections to be known as Sections 1, 2, 3, 4 and 5.

ARTICLE XIV, SECTION 1. The provisions of this section shall be known as the Union Abuse Prevention Amendment. It shall be the public policy of this state to promote better jobs and higher pay through labor reforms that help Missouri businesses succeed, allow the state to compete in the national and international market for job creation, and promote the efficient and effective functioning of state and local government.

SECTION 2. Employees shall have the freedom to get jobs and to keep their jobs without being forced to pay any fees to a union or join a union, such that, to obtain or keep a job, no person shall be forced to:
(1) become, remain or refrain from becoming a member of a union; or (2) pay any dues, fees assessments, or other similar charges however denominated of any kind or amount to a union or third party in lieu thereof.

SECTION 3. (A) No existing or future law or ordinance of the state or its political subdivisions shall require that workers employed by or on behalf of any public body engaged in the construction, alteration, repair, or maintenance of public works be paid: (1) a wage at or above the prevailing hourly rate of wages for work of a similar character in the locality in which the work is performed, including the prevailing hourly rate of wages for legal holiday and overtime work; or
(2) any wage calculated by reference to any rate of wages for work of a similar or dissimilar character in any location or locations, including the rates of wages for legal holiday and overtime work, except the state minimum wage provided in chapter 290 of the revised statutes, as amended from time to time.

(B) This section shall not apply to the wages paid any contractors or subcontractors for work performed on federally funded or assisted contracts.

(C) For purposes of this section the following terms mean: (1) "Public works", all fixed works constructed for public use or benefit or paid for wholly or in part out of public funds. It also includes any work done directly by any public utility company when performed by it pursuant to the order of the public service commission or other public authority whether or not it is done under public supervision or direction or paid for wholly or in part out of public funds when let to contract by the utility. It does not include any work done for or by any drainage or levee district.
(2) "Public body", the state of Missouri or any officer, official, authority, board or commission of the state, or other political subdivision or special district thereof, any institution supported in whole or in part by public funds, or any public utility performing work pursuant to the order of the public service commission or other public authority whether or not it is done under public supervision or direction or paid for wholly or in part out of public funds when let to contract by the utility;
(3) "Worker", laborers, workmen or workwomen, and mechanics.

SECTION 4. Any person who purposely violates the provisions of sections 1 through 3 of this Article is guilty of a class A misdemeanor. Notwithstanding any other provision of law which bars prosecutions for any offenses other than a felony unless commenced within one year after the commission of the offense, any offense under the provisions of this section may be prosecuted if the indictment be found or prosecution be instituted within three years after the commission of the alleged offense.

SECTION 5. The provisions of this Article are self-executing. All of the provisions of this Article are severable. If any provision of this Article is found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted, the remaining provisions of this Article shall be and remain valid.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-314)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article XIV. (Received December 8, 2017)

Date

December 28, 2017

Description

This proposal would amend Article XIV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Public Service Commission,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to OA (Office of Administration) for response to this fiscal note request.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal. They would anticipate annual savings over $100,000.

Officials from the **Department of Transportation** indicated their department has maintained a zero to unknown fiscal impact on labor issues. No known direct effects would stem from this, but it may have indirect effects on their department.

Officials from the **Office of Administration** indicated this proposal adds Article XIV with five sections to the MO Constitution and would:

- Prohibit employers from requiring employees to become, remain or refrain from becoming a member of a labor organization or to pay any union dues, as a condition of employment.
- Allow any public body engaged in construction, alteration, repair, or maintenance of public works to opt out of prevailing wage requirements.

Section 3 of this petition would prohibit the Division of Facilities Management, Design and Construction (FMDC) from requiring that its contractors pay prevailing wage to their employees. This petition could potentially impact OA-FMDC's costs for construction projects. However, FMDC cannot calculate the impact for the reasons set forth below.

A review of scholarly articles shows that there is no generally accepted methodology for determining the cost savings, if any, that may result from legislation such as this. A number of factors would affect FMDC's cost savings, if any, from this petition, including, but not limited to, how much contractors choose to pay their employees in the absence of prevailing wage and whether contractors choose to pass on any labor costs savings to FMDC. Any Facilities Maintenance Reserve Fund (FMRF) savings will be used to decrease other deferred maintenance projects.

In addition to contract costs, this petition could potentially affect the rental rates for future leases and improvements at facilities leased by FMDC, as property owners are presently obligated to pay prevailing wage for alterations or improvements made to properties leased by the State. However, FMDC cannot calculate the impact of this legislation on rental rates for the reasons discussed above. Any savings from the elimination of prevailing wage will be used to offset increased costs for rental rates because of increases by the Lessor, or increases in janitorial and utilities.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact upon their office.

Officials from **Greene County** indicated there is no quantifiable information to submit regarding estimated costs or savings to report from their county for this initiative petition. It is ascertainable that for any building project commenced by the County of Greene that there would be savings in the overall cost of the project when there is no longer a prevailing wage requirement that limits how low a bidder can bid wages for the labor portion of the bid.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **Missouri Public Service Commission** indicated no fiscal impact on their office.

Officials from **University of Central Missouri** indicated the petition removes the requirement of prevailing wage for workers employed by a public body engaged in the construction, repair, alteration or maintenance of public works. The financial impact would be indirect to their university through contractors and service contracts awarded through the procurement process. Estimated savings are indeterminable as pricing would be determined by the contractors at the time of procurement bid response.

Officials from **Missouri State University** indicated this will have a positive fiscal impact of an undetermined amount for their university. This would significantly decrease the costs associated with projects on their campus.

Officials from **Missouri Western State University** indicated this initiative petition will not have a fiscal impact to their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State government entities estimate no additional revenues, but estimate annual cost savings of over $100,000. Local government entities estimate no additional revenues and estimate cost savings of an unknown amount.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 8, 2017

RECEIVED
DEC 0 8 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article XIV, version 1 (2018-313)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on December 7, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jay Ashcroft

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
2017 DEC -7 PM 4:00

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
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11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 201__.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

NOTICE: The proposed amendment creates seven new sections of one new Article, to be known as Article XIV, Sections 1, 2, 3, 4, 5, 6, and 7. It changes, repeals, or modifies by implication, or may be construed to change, repeal or modify by implication Article I, Sections 29, and Article VIII, Section 23, and Chapters 8, 34, 89, 105, 285, 286, 290, 292, 295, 393, 516, 610, and 630 of the Revised Statutes.

The proposed amendment creates seven new sections of one new Article, to be known as Article XIV, Sections 1, 2, 3, 4, 5, 6, and 7.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XIV is created by adopting seven new sections to be known as Sections 1, 2, 3, 4, 5, 6, and 7.

ARTICLE XIV, SECTION 1. The provisions of this section shall be known as the Union Abuse Prevention Amendment. It shall be the public policy of this state to promote better jobs and higher pay through labor reforms that help Missouri businesses succeed, allow the state to compete in the national and international market for job creation, and promote the efficient and effective functioning of state and local government.

SECTION 2. Employees shall have the freedom to get jobs and to keep their jobs without being forced to pay any fees to a union or join a union, such that, to obtain or keep a job, no person shall be forced to: (1) become, remain or refrain from becoming a member of a union; or (2) pay any dues, fees assessments, or other similar charges however denominated of any kind or amount to a union or third party in lieu thereof.

SECTION 3. (A) No sum shall be withheld from the earnings of any public employee for the purpose of paying any portion of dues or any other fees paid by public employees to a public labor organization or a public labor organization's designee except upon the annual informed, written, notarized authorization of the public employee. A public employee may freely and without penalty withdraw such authorization at any time by written or electronic notification, and no sum shall be withheld from the earnings of any such public employee, effective as of the time such notification is sent.
(B) No public labor organization shall use or obtain any portion of dues or any other fees paid by public employees to make contributions or expenditures, as such terms is defined in Article VIII, except with the informed, written, notarized authorization of such public employee received and dated within the previous twelve months. A public employee may freely and without penalty withdraw such authorization at any time by written or electronic notification, and no sum shall be withheld from the earnings of any such public employee, effective as of the time such notification is sent.
(C) Public employees who do not authorize contributions or expenditures, or who revoke such authorization, shall not have their dues or any other fees increased in lieu of payments for contributions or expenditures.
(D) The requirements of this section shall not be waived by any member or nonmember of a public labor organization, and waiver of the requirements shall not be made a condition of employment or continued employment.
(E) Signing or refraining from signing any authorization described under this section shall not be made a condition of employment or continued employment.
(F) A public labor organization shall maintain financial records substantially similar to and no less comprehensive than the records that are required to be maintained in accordance with 29 U.S.C. Section 431(b), or any successor statute.
(G) Every public labor organization shall provide the records required under this section in a searchable electronic format to every public employee it represents. In addition to other remedies provided in this section, if any public labor organization fails to make such records available to the employees represented by such organization, any such employee shall have a cause of action against the public labor organization for enforcement of this section. The court in such action may, in its discretion, in addition to any judgment awarded to the plaintiff or plaintiffs, require reasonable attorney's fees and court costs to be paid by the public labor organization.
(H) Every public labor organization required to prepare any record under this section shall maintain such records and any additional data or summary by which the records may be verified, explained, or clarified for a period beginning on the date the record is received and ending five years immediately following the end of the year such record was prepared.
(I) For purposes of this section "Public labor organization" includes any organization that exists and is constituted for the purpose, in whole or in part, of collective bargaining or dealing with public employers concerning grievances, terms and conditions of employment, or other mutual aid or protection.

SECTION 4. (A) No existing or future law or ordinance of the state or its political subdivisions shall require that workers employed by or on behalf of any public body engaged in the construction, alteration, repair, or maintenance of public works be paid: (1) a wage at or above the prevailing hourly rate of wages for work of a similar character in the locality in which the work is performed, including the prevailing hourly rate of wages for legal holiday and overtime work; or
(2) any wage calculated by reference to any rate of wages for work of a similar or dissimilar character in any location or locations, including the rates of wages for legal holiday and overtime work, except the state minimum wage provided in chapter 290 of the revised statutes, as amended from time to time.
(B) This section shall not apply to the wages paid any contractors or subcontractors for work performed on federally funded or assisted contracts.
(C) For purposes of this section the following terms mean: (1) "Public works", all fixed works constructed for public use or benefit or paid for wholly or in part out of public funds. It also includes any work done directly by any public utility company when performed by it pursuant to the order of the public service commission or other public authority whether or not it is done under public supervision or direction or paid for wholly or in part out of public funds when let to contract by the utility. It does not include any work done for or by any drainage or levee district.
(2) "Public body", the state of Missouri or any officer, official, authority, board or commission of the state, or other political subdivision or special district thereof, any institution supported in whole or in part by public funds, or any public utility performing work pursuant to the order of the public service commission or other public authority whether or not it is done under public supervision or direction or paid for wholly or in part out of public funds when let to contract by the utility;
(3) "Worker", laborers, workmen or workwomen, and mechanics.

SECTION 5. (A) The provisions of this section shall apply to all public employees, labor organizations, and labor agreements between a labor organization and a public body, whether collective bargaining rights are granted to such entities in section 105.510, RSMo, as amended from time to time, or by judicial decision.
(B) 1. Every labor organization shall adopt a constitution and bylaws and shall file a copy thereof with the department, together with a report, signed by its president and secretary or corresponding principal officers, containing the following information:
(1) The name of the labor organization, its mailing address, and any other address at which it maintains its principal office or at which it keeps the records referred to in this section;
(2) The name and title of each of its officers;

(3) The initiation fee or fees required from a new or transferred member and fees for work permits required by the reporting labor organization;
(4) The regular dues or fees or other periodic payments required to remain a member of the labor organization, as well as agency fees or any other fees required for nonmembers, if any; and
(5) Detailed statements, or references to specific provisions of documents filed under this subsection which contain such statements, showing the provisions made and procedures followed with respect to each of the following: (a) Qualifications for or restrictions on membership;
(b) Levying of assessments;
(c) Participation in insurance or other benefit plans;
(d) Authorization for disbursement of funds of the labor organization;
(e) Audit of financial transactions of the labor organization;
(f) The calling of regular and special meetings;
(g) The selection of officers and stewards and of any representatives to other bodies composed of labor organizations' representatives, with a specific statement of the manner in which each officer was elected, appointed, or otherwise selected;
(h) Discipline or removal of officers or agents for breaches of their trust;
(i) Imposition of fines, suspensions, and expulsions of members, including the grounds for such action and any provision made for notice, hearing, judgment on the evidence, and appeal procedures;
(j) Authorization for bargaining demands;
(k) Ratification of contract terms; and
(l) Issuance of work permits.
Any change in the information required by this subsection shall be reported to the department at the time the reporting labor organization files with the department the annual financial report required by subdivision (2) of this subsection.
2. Every labor organization shall file annually with the department a financial report signed by its president and treasurer or corresponding principal officers containing the following information in such detail as may be necessary to accurately disclose its financial condition and operations for its preceding fiscal year:
(1) Assets and liabilities at the beginning and end of the fiscal year;
(2) Receipts of any kind and the sources thereof;
(3) Salary, allowances, and other direct or indirect disbursements, including reimbursed expenses, to each officer and employee who, during such fiscal year, received more than ten thousand dollars in the aggregate from such labor organization and any other labor organization affiliated with it or with which it is affiliated, or which is affiliated with the same national or international labor organization;
(4) Direct and indirect loans made to any officer, employee, or member, which aggregated more than two hundred fifty dollars during the fiscal year, together with a statement of the purpose, security, if any, and arrangements for repayment;
(5) Direct and indirect loans to any business enterprise, together with a statement of the purpose, security, if any, and arrangements for repayment;
(6) An itemization schedule that discloses the name and address, purpose, date, amount, and type or classification of the total amount spent by the labor organization for:
(a) Contract negotiation and administration;
(b) Organizing activities;
(c) Litigation, specifying the matters and cases involved;
(d) Public relations activities;
(e) Political activities;
(f) Activities attempting to influence the passage or defeat of federal, state, or local legislation or the content or enforcement of federal, state, or local regulations or policies;
(g) Voter education and issue advocacy activities;
(h) Training activities for each officer of the local bargaining representative or labor organization support staff;
(i) Conference, convention, and travel activities engaged in by the labor organization; and
(j) Labor organization administration;
(7) The percentage of the employee labor organization's total expenditures that were spent for each of the activities described in paragraphs (a) to (j) of subdivision (6) of this subsection;
(8) The names, addresses, and activities of any law firms, public relations firms, or lobbyists whose services are used by the labor organization for any activity described in paragraphs (a) to (j) of subdivision (6) of this subsection;
(9) A list of political candidates, political organizations, charitable organizations, non-profit organizations and community organizations to which the labor organization contributed financial or in-kind assistance and the dollar amount of such assistance;
(10) The name and address of any political action committees with which the labor organization is affiliated or to whom it provides contributions, the total amount of contributions to such committees, the candidates or causes to which such committees provided any financial assistance, and the amount provided to each such candidate or cause;
(11) Other disbursements made by it including the purposes thereof, all in such categories as the department may prescribe.
3. Every labor organization shall submit the report required by subdivision 2 of this subsection in an electronic, readily and easily accessible format and shall make available the information required to be contained in such report to all of its members. Every such labor organization and its officers shall be under a duty enforceable at the suit of any member of such organization in the county where the violation occurred to permit such member for just cause to examine any books, records, and accounts necessary to verify such report. The court in such action may, in its discretion, in addition to any judgment awarded to the plaintiff or plaintiffs, allow a reasonable attorney's fee to be paid by the defendant, and costs of the action.
4. The department shall make each report filed under this subsection publicly available, online, in an electronic format.
(C) 1. Every officer of a labor organization and every employee of a labor organization, other than an employee performing exclusively clerical or custodial services, shall file with the department a signed report listing and describing for his or her preceding fiscal year:
(1) Any stock, bond, security, or other interest, legal or equitable, which such person or his or her spouse or minor child directly or indirectly held in, and any income or any other benefit with monetary value, including reimbursed expenses, which such person or his or her spouse or minor child derived directly or indirectly from, any public body whose employees such labor organization represents or is actively seeking to represent, except payments and other benefits received as a bona fide employee of such public body;
(2) Any transaction in which such person or his or her spouse or minor child engaged, directly or indirectly, involving any stock, bond, security, or loan to or from, or other legal or equitable interest in the business of a public body whose employees such labor organization represents or is actively seeking to represent;
(3) Any stock, bond, security, or other interest, legal or equitable, which such person or his or her spouse or minor child directly or indirectly held in, and any income or any other benefit with monetary value, including reimbursed expenses, which such person or his or her spouse or minor child derived directly or indirectly from, any business a substantial part of which consists of buying from, selling or leasing to, or otherwise dealing with, the business of a public body whose employees such labor organization represents or is actively seeking to represent;

(4) Any stock, bond, security, or other interest, legal or equitable, which such person or his or her spouse or minor child directly or indirectly held in, and any income or any other benefit with monetary value, including reimbursed expenses, which such person or his or her spouse or minor child derived directly or indirectly from, a business any part of which consists of buying from, or selling or leasing directly or indirectly to, or otherwise dealing with such labor organization;
(5) Any direct or indirect business transaction or arrangement between such person or his or her spouse or minor child and any public body whose employees his organization represents or is actively seeking to represent, except work performed and payments and benefits received as a bona fide employee of such public body and except purchases and sales of goods or services in the regular course of business at prices generally available to any employee of such public body; and
(6) Any payment of money or other thing of value, including reimbursed expenses, which such person or his or her spouse or minor child received directly or indirectly from any public body or any person who acts as a labor relations consultant to any public body.
2. The provisions of subdivisions (1), (2), (3), (4), and (5) of subdivision 1 of this subsection shall not be construed to require any such officer or employee to report his bona fide investments in securities traded on a securities exchange registered as a national securities exchange under the Securities Exchange Act of 1934, as amended from time to time, in shares in an investment company registered under the Investment Company Act, as amended from time to time, or in securities of a public utility holding company registered under the Public Utility Holding Company Act of 1935, as amended from time to time, or to report any income derived therefrom.
3. Nothing contained in this subsection shall be construed to require any officer or employee of a labor organization to file a report under subdivision (1) of subdivision 1 of this subsection unless such person or his or her spouse or minor child holds or has held an interest, has received income or any other benefit with monetary value or a loan, or has engaged in a transaction described therein.
(D) 1. The contents of the reports and documents filed with the department under the provisions of subsections (B) or (C) shall be considered a "public record" as that term is defined in the Sunshine Law, as amended from time to time, and shall not be closed pursuant to section 610.021, as amended from time to time. The department may publish any information and data obtained under subsections (B) and (C). The department may use the information and data for statistical and research purposes, and compile and publish such studies, analyses, reports, and surveys based thereon as it may deem appropriate.
2. The department shall by regulation make reasonable provision for the inspection and examination, on the request of any person, of the information and data contained in any report or other document filed with him pursuant to subsections (B) or (C).
3. (1) The department shall by regulation provide for the furnishing of reports or other documents filed with the department under the provisions of this section, upon payment of a charge based upon the cost of the service.
(2) The department shall make available without payment of a charge, or require any person to furnish, to such state agency as is designated by law or by the governor of the state in which such person has his principal place of business or headquarters, upon request of the governor of such state, copies of any reports and documents filed by such person with the department under the provisions of subsections (B) or (C), or of information and data contained therein.
(3) All moneys received in payment of such charges fixed by the department pursuant to this subsection shall be deposited in the general revenue fund of the state.
(E) Every person required to file any report under this section shall maintain records on the matters required to be reported which will provide in sufficient detail the necessary basic information and data from which the documents filed with the department may be verified, explained or clarified, and checked for accuracy and completeness, and shall include vouchers, worksheets, receipts, and applicable resolutions. Such records shall be kept available for examination for a period of not less than five years after the filing of the documents based on the information which they contain.
(F) 1. Each labor organization shall file the initial report required under subdivision 1 of subsection (B) within ninety days after the date on which it first becomes subject to the provisions of this section.
2. Each person required to file a report under the provisions of this section shall file such report within ninety days after the end of each of its fiscal years, except that where such person is subject for only a portion of such a fiscal year, whether because the date of enactment of the provisions of this section occurs during such person's fiscal year or such person becomes subject to the provisions of this section during its fiscal year, such person may consider that portion as the entire fiscal year in making such report.
(G) Whenever it shall appear that any labor organization or person has violated or is about to violate any of the provisions of this section, the department, a public body, or any person may bring a civil action for such relief, including injunctive relief, as may be appropriate. Any such action may be brought in the county where the violation occurred and damages and attorney's fees shall be awarded for the enforcement of this section.
(H) 1. Supervisory employees shall not be included within the same bargaining unit as employees they supervise.
2. The same labor organization shall not represent both non-supervisory and supervisory employees.
3. For the purposes of this section, the term "supervisory employee" means anyone with supervisory status, managerial status, confidential status or any other status that would be a conflict of interest with the purpose of this section.
(I) 1. Any labor organization wishing to represent employees shall present to the board cards containing the signatures of at least thirty percent of the employees in the bargaining unit, indicating that they wish to select the labor organization in question as their exclusive bargaining representative for the purpose of collective bargaining. Voluntary recognition by any public body shall be prohibited. Recognition may only be obtained by a labor organization through an election before the board.
2. Upon receiving such cards, the board shall validate the signatures on the cards, and confirm that at least thirty percent of the employees in the bargaining unit have signed the cards. If the board determines that at least thirty percent of the employees in the bargaining unit have signed valid cards, the board shall consult with the public body and the representative of the labor organization that has presented the cards, and together they shall select a mutually agreeable date for a secret ballot election to take place. The election shall be held at the public body's place of business, and shall be set for a date falling no less than four and no more than eight weeks after the day upon which the board determines the bargaining unit for election and has resolved any other bargaining unit issues.
3. Once an election date has been set, the public body shall issue a notice informing all eligible voters of the date, time, and place of the election. Such notice shall be distributed to all employees and shall be posted within the public body's place of business.
4. All employees shall have the right to freely express their opinions about whether or not the labor organization should be selected as the exclusive bargaining representative of the employees in the bargaining unit. However, no employee and no representative of the labor organization shall attempt to threaten, intimidate, coerce, or otherwise restrain any eligible voter in the free exercise of his or her individual choice to support or oppose the selection of the labor organization in question as the exclusive bargaining representative of the employees in the bargaining unit.
5. Elections shall be conducted by secret ballot, using such procedures as the board shall determine are appropriate for ensuring the privacy and security of each employee's vote. Once the poll is closed, the board shall oversee the counting of the ballots. One representative of the public body's management team and one representative of the labor organization shall have the right to be present during the counting of the ballots.

6. The ballots shall read "Do you wish to select (labor organization) as the exclusive bargaining representative for (description of bargaining unit) employed within (description of public body)?" The ballot shall include check boxes for marking "yes" or "no" in response to this question.
7. In the event that more than one labor organization seeks to represent employees in the unit, and in the event both labor organizations have obtained signatures from at least thirty percent of the employees in the unit stating that they wish to designate the labor organization as their exclusive bargaining representative, then the ballot shall read "Do you wish to select (labor organization A), (labor organization B), or no labor organization as the exclusive bargaining representative for (description of bargaining unit) employed within the (description of public body)?" The ballot shall then include check boxes for marking "I wish to select (labor organization A) as my exclusive bargaining representative," "I wish to select (labor organization B) as my exclusive bargaining representative," and "I do not wish to select any labor organization as my exclusive bargaining representative."
8. Any labor organization receiving the votes of more than fifty percent of all employees in the bargaining unit shall be designated and recognized by the public body as the exclusive bargaining representative for all employees in the bargaining unit.
9. Employees within the bargaining unit shall have the right to seek to decertify the labor organization as their exclusive bargaining representative at any time. If any employee within the bargaining unit presents to the board cards bearing the signatures of at least thirty percent of the employees within the bargaining unit stating that those employees no longer wish to be represented by the labor organization in question, the board shall first validate the signatures on the cards.
10. If the board confirms that at least thirty percent of the employees in the bargaining unit have signed decertification cards, the board shall consult with the public body and the designated representative of the labor organization to select a date for a decertification election. Such election shall take place at least four weeks, but no later than six weeks, after the board receives the decertification cards. Notice of such election shall be distributed to all employees within the bargaining unit and posted within the public body's place of business.
11. If more than fifty percent of the employees in the bargaining unit cast votes to terminate the labor organization's representation of the employees in the bargaining unit, the labor organization shall immediately cease to represent the employees in the bargaining unit.
12. Labor organizations shall be recertified every two years. To meet the biennial recertification requirement, continuation of the labor organization's status as the exclusive representative shall be favored in a secret ballot election conducted by the board by more than fifty percent of the employees in the bargaining unit. Employees shall vote by telephone or online every two years during a two-week period beginning on the anniversary of initial certification.
13. In the event of the decertification of the exclusive bargaining representative of the employees in any bargaining unit or failure to recertify a labor organization, all terms and conditions of employment existing at the time of decertification or failure to recertify shall remain in place until such time as those terms or conditions of employment are altered by the public body.
14. No more than one election shall take place in any bargaining unit within the same twelve-month period. Once an election takes place, the board shall not accept cards from labor organizations or employees within the bargaining unit seeking another election for one full calendar year after the date of the election.
15. The board shall assess and collect a fee from each labor organization participating in an election conducted under this subsection for the purpose of paying for such election as follows:
(1) For a bargaining unit of one to one hundred members, a fee of two hundred dollars;
(2) For a bargaining unit of one hundred one to two hundred fifty members, a fee of three hundred fifty dollars;
(3) For a bargaining unit of two hundred fifty-one to five hundred members, a fee of five hundred dollars;
(4) For a bargaining unit of five hundred one to one thousand members, a fee of seven hundred fifty dollars;
(5) For a bargaining unit of one thousand one to three thousand members, a fee of one thousand five hundred dollars;
(6) For a bargaining unit of more than three thousand members, a fee of two thousand dollars.
(J) 1. Within eight weeks after a labor organization is certified as the exclusive bargaining representative for the employees in a bargaining unit as set out in subsection (I), representatives of the public body, designated by the public body, and representatives of the labor organization, selected by the labor organization, shall meet and begin bargaining for an agreement covering the wages, benefits, and other terms and conditions of employment for the employees within the bargaining unit.
2. No labor organization may refuse to meet with designated representatives of any public body or engage in conduct intended to cause the removal or replacement of any designated representative by the public body.
3. The labor organization and the public body shall engage in bargaining with each other's designated representatives, but neither side shall be required to offer any particular concession or withdraw any particular proposal.
4. The public body shall not pay any labor organization representative or employee for time spent participating in collective bargaining or preparing for collective bargaining on behalf of a labor organization, except to the extent the person in question is an employee of the public body and elects to use accrued paid time off to cover the time so spent.
5. Before any proposed agreement or memorandum of understanding is presented to a public body, the labor organization, as a condition of its presentation, shall establish that it has been ratified by a majority of its members. The public body may approve the entire agreement or any part thereof. If the public body rejects any portion of the agreement, the public body may return any rejected portion of the agreement to the parties for further bargaining, or the public body may adopt a replacement provision of its own design, or the public body may state that no provision covering the topic in question shall be adopted. Any tentative agreement reached between the parties' representatives shall not be binding on the public body or labor organization.
6. A public body and a labor organization shall not be subject to binding mediation, binding interest arbitration, or interest arbitration in the event the parties are unable to reach an agreement.
7. After the first agreement between the public body and the labor organization is adopted, bargaining for renewal agreements shall take place annually. Such bargaining shall be completed by July thirty- first of each calendar year. The parties may elect to bargain non- economic terms for longer periods but all economic provisions of the agreement shall be adopted on an annual basis only.
8. The term of any labor agreement, provision of a labor agreement, or extension of a labor agreement entered into after the effective date of this section shall not exceed a period of two years. Any modification, extension, renewal, or any change whatsoever to a labor agreement in effect as of the effective date of this section shall only be continued as a new labor agreement for purposes of this section.
(K) 1. A meeting concerning a labor agreement between a public body or its agent and an exclusive bargaining representative or its agent shall be considered a "public meeting" as that term is defined under the Sunshine Law and shall not be closed pursuant to section 610.021, RSMo, as amended from time to time. The provisions of this subsection apply whether or not such meeting is conducted under any provision of this section.
2. Any document presented by a public body during a meeting concerning a labor agreement, or that the public body receives from an exclusive bargaining representative, shall be considered a "public record" as that term is defined under the Sunshine Law and shall not be closed pursuant to section 610.021, RSMo, as amended from time to time.
3. This section shall not apply to any part of a meeting during which a public body or its agent is planning or adopting the strategy or position to be taken during the course of a collective bargaining session.

(L) Labor agreements negotiated between a public body and labor organization may cover wages, benefits, and all other terms and conditions of employment for employees within the bargaining unit, and shall be subject to the following limitations:
(1) Every labor agreement shall include a provision reserving to the public body the right to hire, promote, assign, direct, transfer, schedule, discipline, and discharge employees. Every labor agreement shall also include a provision reserving to management the right to make, amend, and rescind reasonable work rules and standard operating procedures;
(2) Every labor agreement shall expressly prohibit all strikes and picketing of any kind. A strike shall include any refusal to perform services, walkout, sick-out, sit-in, or any other form of interference with the operations of any public body. Every labor agreement shall include a provision acknowledging that any employee who engages in any strike or concerted refusal to work, or who pickets over any personnel matter, shall be subject to immediate termination of employment;
(3) Every labor agreement shall include a provision extending the duty of fair representation by the labor organization to employees in any bargaining unit;
(4) Every labor agreement shall expressly prohibit labor organization representatives and employees from accepting paid time by a public body for the purposes of conducting labor organization- related business, including, but not limited to, grievance handling, negotiations, meetings, meet and confer sessions, time off to attend labor organization meetings, or any other labor organization-related activity;
(5) Every labor agreement shall inform employees their right to refrain from engaging in and supporting labor organization activity as well as their right to oppose labor organization activity;
(6) Every labor agreement shall include a provision stating that in the event of a budget shortfall, the public body shall have the right to require the modification of the economic terms of any labor agreement. Every labor agreement shall also state that if the public body deems it necessary to modify the economic terms of any labor agreement, the public body shall so notify the relevant labor organization, and shall provide a period of thirty days during which the public body and the labor organization shall bargain over any necessary adjustments to the economic terms of the agreement, and if, at the end of the thirty-day period, the parties have been unable to agree upon modifications that meet the public body's requirements, the public body shall have the right to make necessary adjustments on its own authority.
(M) The secretary or corresponding principal officer of each labor organization shall forward a complete copy of each agreement made by such labor organization with any public body to any employee who requests such a copy and whose rights as such employee are directly affected by such agreement.
(N) Whenever it shall appear that any labor organization or representative of any labor organization has violated or is about to violate any of the provisions of this section, the department, a public body, or any citizen of the state of Missouri may bring a civil action for such relief, including injunctive relief, as may be appropriate. Any such action may be brought in the county where the violation occurred or in the county where the plaintiff resides and damages and attorneys' fees shall be awarded for the enforcement of the provisions of this section.
(O) For purposes of this section, unless the context otherwise requires, the following words and phrases mean:
(1) "Bargaining unit", a unit of employees at any plant or installation or in a craft or in a function of a public body which establishes a clear and identifiable community of interest among the employees concerned;
(2) "Board", the state board of mediation established under section 295.030, RSMo, as amended from time to time;
(3) "Department", the department of labor and industrial relations established under section 286.010, RSMo, as amended from time to time;
(4) "Exclusive bargaining representative", an organization which has been designated or selected by a majority of the employees in a bargaining unit as the representative of such employees in such unit for purposes of collective bargaining;
(5) "Labor organization", any organization, agency, or employee representation committee or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with a public body or public bodies concerning collective bargaining, grievances, labor disputes, wages, rates of pay, hour of employment, or conditions of work;
(6) "Public body", the state of Missouri, or any officer, agency, department, bureau, division, board or commission of the state, or any other political subdivision of or within the state.

SECTION 6. Any person who purposely violates the provisions of sections 1 through 5 of this Article is guilty of a class A misdemeanor. Notwithstanding any other provision of law which bars prosecutions for any offenses other than a felony unless commenced within one year after the commission of the offense, any offense under the provisions of this section may be prosecuted if the indictment be found or prosecution be instituted within three years after the commission of the alleged offense.

SECTION 7. The provisions of this Article are self-executing. All of the provisions of this Article are severable. If any provision of this Article is found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted, the remaining provisions of this Article shall be and remain valid.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-313)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article XIV. (Received December 8, 2017)

Date

December 28, 2017

Description

This proposal would amend Article XIV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Public Service Commission,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated increased operating costs to the General Revenue Fund of $972,614 in fiscal year 2019, $677,889 in fiscal year 2020, and $686,618 in fiscal year 2021. Of these costs, $471,591 are initial and one-time costs in fiscal year 2020 for equipment and computer system development. These costs will be offset by additional biennial revenues to the General Revenue Fund of $192,250 in fiscal year 2019, $0 in fiscal year 2020, and $192,250 in fiscal year 2021.

This proposal would affect any state agency or political subdivision that employs workers in a bargaining unit with exclusive bargaining representatives.

Additional space will been required for nine FTE (9 X 100 sq. ft. X $14.00 = $12,600) and 20 large file cabinets (20 X 18 X $14.00 = $5,040) at an estimated $17,640.

Fiscal Note	0		ITSD -	DOLIR	
Bill Number	IP 18-313				
Will a new system be required?			Yes		No
Indicate fiscal year when fully implemented			FY		
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2019**	**FY 2020**	**FY 2021**
General Revenue			441,838	139,999	143,499
Other			-	-	-
Federal Funds			-	-	-
Total			441,838	139,999	143,499
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	0				
			FY 2019	FY 2020	FY 2021
New	Rate	Hours	$	$	$
IT Consultants	75	4,947.48	371,061	76,068	77,970
Other Costs:					
Database Server License w/maint	4,812	1	4,010	4,932	5,055
Web Server License/w maint	1,656	1	1,380	1,697	1,739
Report Server License/w maint	11,904	1	9,920	12,202	12,507
PMO	2,000	1	2,000	-	-
RFP Writing	16,800	1	16,800	-	-
PB Spectrum License/w maint	44,000	1	36,667	45,100	46,228
0	-	0	-	-	-
0	-	0	-	-	-
Section Total Other Costs:			70,777	63,931	65,529
Section Total Expenditures:			441,838	139,999	143,499
Section Funding:	General Revenue		441,838	139,999	143,499
	Federal		-	-	-
	Other		-	-	-
	Total		441,838	139,999	143,499

Section 5. (D) 3. (1) of Article XIV indicates that the department shall, by regulation, provide copies of reports and documents filed upon payment of a charge based upon the cost of the service. The fees would be credited to General Revenue.

Section 5 of Article XIV also directs the department to assess and collect a fee from each labor organization participating in an election, based on the size of the bargaining unit, for the purpose of paying for elections. There is no specification as to these fees would be deposited, therefore it is assumed they would be credited to General Revenue.

Section 5. (B)-(D) require the following:

- all labor organizations to adopt constitutions and bylaws containing mandated information and file those documents with the department;
- all labor organizations to file annually, electronic financial reports containing mandated information with the department;
- the department to make the documents submitted under Section 5., publicly available online, in an electronic format;
- certain officers of labor organizations to file with the department personal financial reports containing mandated information annually;
- all of the information collected be designated as public record and the department maintain all documents and reports filed under this legislation and make all filed documents and reports available for examination/inspection;
- the department to provide copies of reports and documents filed upon payment of a charge based upon the cost of the service; and
- funds collected are to be set by regulation and deposited to General Revenue.

Section 5. specifies that the provisions of this legislation apply to all entities engaged in public sector collective bargaining. Currently, voluntarily recognized and statutorily excluded bargaining units are outside the department's jurisdiction. The department estimates there are currently approximately 250 voluntary recognitions, which would require in-person elections at the employer's location. It is physically impossible for the State Board of Mediation (SBM) Chairman to conduct that many elections in a year (normally do 20-30 per year) so additional authorized designees would be hired to oversee elections on a per diem basis, estimated at $20,000. These staff would also require travel expenses, estimated at $10,600.

Section 5. (I) 12. requires that all public sector bargaining units be recertified by the State Board of Mediation biennially through telephone or on-line elections. Currently, elections are conducted only in-person or by mailed ballot.

Section 5. (I) 15. directs the SBM to assess and collect fees from each labor organization participating in an election to defray election costs. They cannot provide a definitive amount, but estimate initially that there will be approximately 850 elections in the first two years after implementation, which would generate approximately $192,250 over the two-year period. Since there is no mention of a separate fund for these fees, they assume any revenue will be deposited to General Revenue.

A new system will be developed by ITSD to implement these provisions.
Section 6 specifies that violation of provisions 1-5 are Class A misdemeanors. The department assumes that it will be charged with investigation of non-compliance of these sections and referral for prosecution if necessary. This will require two investigators and two processing technicians to assure compliance and assist Missouri citizens.

All of the additional duties will require nine additional FTE and associated expenses, as well as additional per diem payments for State Board of Mediation Members and expenses associated with additional elections, and development of a new computer system.

Ongoing expenses will be the same as those estimated for the fiscal note period.

REVENUE ESTIMATE

Section 5. directs the department set fees by regulation to provide copies of reports and documents filed upon payment of a charge based upon the cost of the service. Since these costs will be defined by regulation, they cannot provide an estimate of revenue for these activities.

Section 5. (I) 15. directs the SBM to collect fees from each labor organization to defray election costs. The fees are based on the number of members in each bargaining unit. Currently, the SBM is not notified of changes to the number of members in a bargaining unit once the election has concluded, nor does it have information on members voluntarily recognized or otherwise excluded bargaining units.

Section 5. (I) 15. directs the State Board of Mediation to assess and collect fees from each labor organization participating in an election to defray election costs. For the purposes of this response, they estimate 850 bargaining unit elections biennially. The majority of certified bargaining units at the time of election are made up of less than 100 members. Based on historical averages from FY 2010 through 2015, they estimate a total of $192,250 from fees collected from labor organizations.

Estimated Revenue from Labor Organization Fees							
Total Voters	1-100	101-250	251-500	501-1000	1001-3000	3001+	TOTAL
Bargaining Units	748	84	12	3	2	1	850
Fee	$200	$350	$500	$750	$1,500	$2,000	
Total	**$149,600**	**$29,400**	**$6,000**	**$2,250**	**$3,000**	**$2,000**	**$192,250**

They assume all revenue collected will be deposited into General Revenue. The SBM will be required to adopt procedures for assessing and collecting the fees, as well compliance with accepted accounting practices.

COST ESTIMATE

State Board of Mediation

They estimate that there are currently over 600 bargaining units that have been certified. This amendment requires that bargaining units made up of otherwise excluded employees (e.g., teachers and peace officers) and voluntarily recognized units be recertified. Because excluded and voluntarily recognized units are not required to notify the department of their existence, the department does not have the number of such units. For the purposes of this estimate, they assume there are 250 excluded and voluntarily recognized units, for a total of 850. The number of actual bargaining units and elections could be more or less depending upon the precision of the estimate used.

The proposed language requires all of the estimated 850 labor organizations to submit constitutions & bylaws to the department. It also requires all of the estimated labor organizations, as well as certain officers of those organizations, to submit annual financial reports to the

department. The submissions will be in electronic or paper document form. The subsections mandate information to be contained in those submissions. The department shall make each document filed under this section publicly available, online, in an electronic format. The SBM estimates it will require 4.00 Senior Office Support Assistants (Range 12, Step F) to verify that all labor organizations comply with the required submissions. They must process (review for compliance regarding mandated information), perform necessary electronic formatting and data entry to make the information available online, and properly file the documents and electronically submitted reports. These FTE would also field Chapter 610 requests and prepare the requested documents and reports for dissemination upon authorization as required.

All public sector bargaining units shall be recertified biennially through telephone or on-line elections conducted by the SBM. Currently, elections are conducted only in-person or by mailed ballot. The SBM's current staff will not be able to fulfill the new responsibilities required by the amendment. To facilitate the estimated 850 biennial recertification elections, the SBM would require 1.00 Executive II (Range 22, Step G). The SBM may opt to contract with a third party to conduct the recertification elections.

The occurrence of the elections will also result in an incentive for existing bargaining representatives or the public body employers to petition to clarify the makeup of their units or to amend their certifications to reflect changing circumstances. It is likely that some portion of these petitions will result in disagreements between public bodies and bargaining representatives, which will, in turn, result in a need for the SBM to conduct additional hearings. Each additional hearing will also result in briefing and the need for a written decision.

The SBM members are not compensated for their service; however, they do receive a per diem of up to $50 for days they perform services for the board and reimbursement for any expenses incurred while performing those duties. The services include preparation for hearings and hearing and deciding cases. It is expected that board members will incur additional expenses for preparation and travel related to the additional hearings.

In addition to the standard expense and equipment for each FTE, additional expenses including a printer, file cabinets, and travel expenses will also be required because bargaining units are located throughout the state.

Division of Labor Standards

The Division of Labor Standards (DLS) assumes it will perform investigative duties regarding non-compliance with sections 1-5 of this amendment and referral for prosecution as set forth in Section 6. The division estimates it would receive 200 incidents of non-compliance annually. To review allegations and complete investigations, the division would require two Processing Technicians (Range 13, Step F) and two Wage and Hour Investigator IIs (Range 23, Step G). Standard per FTE expense and equipment, along with travel expense for investigators is also included in this estimate.

ITSD - DOLIR			TOTAL HOURS:	4,947			
Bill Number	IP 18-313	FN #					
Bill Section(s)							
Application Name:	New				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	135	10,125	-	-
Analysis			75	135	10,125	-	-
Design			75	765	57,375	-	-
Development			75	2,574	193,050	-	-
Test			75	918	68,850	-	-
Implementation			75	54	4,050	-	-
Project Management			75	366.48	27,486	-	-
On-going support		Yes	75		-	76,068	77,970
Section Total IT Consultants:			75	4,947.48	371,061	76,068	77,970
Other Costs:			**Cost Per**	**Number**	**$**	**$**	**$**
Database Server License w/maint		Yes	4,812	1	4,010	4,932	5,055
Web Server License/w maint		Yes	1,656	1	1,380	1,697	1,739
Report Server License/w maint		Yes	11,904	1	9,920	12,202	12,507
PMO		No	2,000	1	2,000	-	-
RFP Writing		No	16,800	1	16,800	-	-
PB Spectrum License/w maint		Yes	44,000	1	36,667	45,100	46,228
					-	-	-
			-	-	-	-	-
Section Total Other Costs:					70,777	63,931	65,529
Section Total Expenditures:					441,838	139,999	143,499
General Revenue					441,838	139,999	143,499
Federal					-	-	-
Other							
Section Funding:					441,838	139,999	143,499
Should be $0					-	-	-

12. Assumptions and methodology used in arriving at state fiscal impact.

DOLIR must retrieve the union bylaws and annual financial reports and make it available through a website for public access. The assumption is a RFP will be created and awarded. PMO oversight cost, cost to write an RFP, web server, PM Spectrum server, Report Server and database server cost included. To complete the fiscal note, security developed for the application and new web pages created to enter, update, and delete information reported defining the labor association were estimated. Additional web pages created for this bill version to obtain the required by laws and financial reports of the unions which contains a sizable amount of data used to display the information online for public access. The union elections will require history to be kept for prior elections. Reports created to share information and count election results. Setup a SAM II object code or grant code added for financial data tracking piece. The system will require a new database and services from the State Data Center.

Information Technology Services Division

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to OA (Office of Administration) for response to this fiscal note request.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal. They would anticipate annual savings over $100,000.

Officials from the **Department of Transportation** indicated their department has maintained a zero to unknown fiscal impact on labor issues. No known direct effects would stem from this, but it may have indirect effects on their department.

Officials from the **Office of Administration** indicated this proposal adds Article XIV to the MO Constitution and would:

- Prohibit employers from requiring employees to become, remain or refrain from becoming a member of a labor organization or to pay any union dues, as a condition of employment.
- Require annual informed, written, notarized authorization from public employees to withhold any earnings for the purpose of paying dues to a public labor organization or a designee thereof.
- Allow any public body engaged in construction, alteration, repair, or maintenance of public works to opt out of prevailing wage requirements.
- Require public labor organizations to adopt a constitution and bylaws and file a copy with the Missouri Department of Labor and Industrial Relations.
- Require public labor organizations to file an annual financial report with the Missouri Department of Labor and Industrial Relations in an electronic, readily and easily accessible format.
- Require the Missouri Department of Labor and Industrial Relations to make each report publicly available online and in an electronic format.
- Require biennial recertification for labor organizations through an election process.

The Office of Administration, Division of Personnel estimates this will have an unknown negative fiscal impact on the division. There is no way to estimate the amount of additional staff time that will be needed to fulfill the provisions of this proposal as the time needed for each negotiation varies. They would anticipate possibly needing to hire additional employees. The Department of Labor and Industrial Relations (DOLIR) will also be impacted. Budget and Planning defers to the DOLIR for the specific impact to that agency.

The Division or Personnel (DOP) notes the following issues with the proposed language:

Section 3(A): "…except upon the annual informed, written, notarized authorization of the public employee". Currently, there are no provisions in the state's labor contracts that reference this requirement. Provisions in the labor agreements will need to be revised to reflect this requirement.

Section 3(A)(B): "..withdraw at any time written or electronic notification, and no sum shall be withheld from the earnings of any such public employee, effective as of the time such notification is sent." This language is in both subsection B and C. Depending on the amount of time it takes to get the notification from the employee to the employee's HR or Payroll office for revocation from the employee's payroll deductions, due to restrictions in the statewide Payroll system, there may not be enough time to withdraw this deduction from the employee's next paycheck. Reimbursement of the deduction may need to be made manually either by the Union or the Employer.

Section 5(I)1. "...Voluntary recognition by any public body shall be prohibited." The language is unclear as if this prohibition is to be implemented going forward and the state could "grandfather" in those previously recognized voluntarily, or if would the DOP need to research bargaining units to ensure no classes of employees were voluntarily recognized, and if there were voluntarily recognized classes, who would be responsible for filing unit clarification petitions or recertification elections with the Department of Labor's State Board of Mediation.

Section 5(I)12. "Employees shall vote by telephone or online every two years during a two-week period beginning on the anniversary of the initial certification." It is unclear whether this would allow employees to use state resources and work time to vote for recertification. There could be costs associated with this language as there were, as of June 30, 2017, 4,286 state members who would be eligible to vote in these recertification elections.

Section 5(J)1. "Within eight weeks after a labor organization is certified as the exclusive bargaining representative…shall meet and begin bargaining for an agreement…" DOP would need to ensure that labor negotiations for any new bargaining units begin negotiations as required by this language. DOP would also need to be ensure that agencies are meeting this obligation. Also, depending on the number of new bargaining units established, it may cause some manpower issues if the division was negotiating multiple new labor agreements close in proximity (time wise). DOP may

have to pull additional staff from their normal duties to assist with the additional workload, possibly even hiring temporary staff to cover manpower shortages.

Section 5(J)5. "…The Public body may approve…" Many of the State's bargaining units are horizontal bargaining units covering multiple agencies. This language is problematic to horizontal units as it would be much more difficult to reach agreement on articles in the labor agreement that may affect one agency and not so much another agency. It may create prolonged negotiation sessions that would possibly make it difficult for DOP to reach a new agreement between the union(s) with the time constraints listed in this proposal.

Section 5(J)7. Entire section. It is understood labor negotiations for new agreements should take place annually; however, the completion date is ambiguous, as it does not take into consideration the date the bargaining unit was adopted or when the first labor agreement was adopted. If a labor agreement was adopted May 1st for a new bargaining unit, it would only have 30 days but with the requirement that the bargaining was to be completed by July 31st of each year, there would be a difference in the number of days a new labor agreement is to be negotiated. For instance, if a first labor agreement was completed on May 1, 2017, the state would be required to begin negotiations on May 1, 2018 and be completed with the negotiations by May 31st of 2018, allowing for only one month of negotiation sessions. This short timeframe would place extraordinary time restraints on agency staff who participate in negotiations as many negotiations normally take several months to complete. It also provides concessions to negotiate economic conditions separately but does not provide a deadline for these conditions. These conditions typically take the largest percentage of time to negotiate.

Section 5(J) 7 and 8. These two sections are incongruent to each other. The state is required to negotiate annually but the labor contract is in effect for 2 years.

Section 5(K) 1-3. Entire sections. These sections do not explicitly provide that actual negotiation sessions are considered public records or whether they are to be closed, which has historically been decided in past labor negotiations. If they are considered public meetings, there are additional time parameters that the state would need to be cognizant of in regard to public notice, which may cause negotiations to be more time consuming.

Section 5(O) 1 and 6. As it relates to definition of public body. The definition of public body does not include a grouping of agencies, which occurs under a horizontal bargaining unit. DOP is unsure whether this definition would prohibit the state from having horizontal bargaining units. If horizontal bargaining units were prohibited, then the state would possibly need to renegotiate current horizontal bargaining units to make them singular units. In that case, each agency would have their own unit, which would mean a drastic increase in negotiations, with the possibility that employees in separate agencies, but identical job classifications, would have differing labor contracts.

Section 4 of this petition would prohibit the Division of Facilities Management, Design and Construction (FMDC) from requiring that its contractors pay prevailing wage to their

employees. This petition could potentially impact OA-FMDC's costs for construction projects. However, FMDC cannot calculate the impact for the reasons set forth below.

A review of scholarly articles shows that there is no generally accepted methodology for determining the cost savings, if any, that may result from legislation such as this. A number of factors would affect FMDC's cost savings, if any, from this petition, including, but not limited to, how much contractors choose to pay their employees in the absence of prevailing wage and whether contractors choose to pass on any labor costs savings to FMDC. Any Facilities Maintenance Reserve Fund (FMRF) savings will be used to decrease other deferred maintenance projects.

In addition to contract costs, this petition could potentially affect the rental rates for future leases and improvements at facilities leased by FMDC, as property owners are presently obligated to pay prevailing wage for alterations or improvements made to properties leased by the State. However, FMDC cannot calculate the impact of this legislation on rental rates for the reasons discussed above. Any savings from the elimination of prevailing wage will be used to offset increased costs for rental rates because of increases by the Lessor, or increases in janitorial and utilities.

The other sections of this petition would not result in any fiscal impact to FMDC.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements.

Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact upon their office.

Officials from **Greene County** indicated there is no quantifiable information to submit regarding estimated costs or savings to report from their county for this initiative petition. It is ascertainable that regarding Section 4 of this initiative petition, that for any building project commenced by the County of Greene that there would be savings in the overall cost of the project when there is no longer a prevailing wage requirement that limits how low a bidder can bid wages for the labor portion of the bid.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **Missouri Public Service Commission** indicated no fiscal impact on their office.

Officials from **University of Central Missouri** indicated there would not be a fiscal impact for their university.

Officials from **Missouri State University** indicated this will have a positive fiscal impact of an undetermined amount for their university. This would significantly decrease the costs associated with projects on their campus.

Officials from **Missouri Western State University** indicated this initiative petition will not have a fiscal impact to their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State government entities estimate initial and one-time costs of $470,000 and annual costs of at least $600,000, but total potential costs are unknown. State government entities estimate additional biennial revenues of $193,000. Local government entities estimate no additional revenues and estimate cost savings of an unknown amount.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
DEC 0 6 2017
STATE AUDITORS OFFICE

December 6, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Theodis Brown regarding a proposed statutory amendment to Chapter 320 (2018-312)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Theodis Brown on December 6, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
DEC 06 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____ Signature of Notary

Notary Public (Seal)

_____

My commission expires:

READ AS FOLLOW;

320.271. Information to be filed with fire marshal, by certain fire protection organizations — when — identification numbers. — All fire protection districts, fire departments, and all volunteer fire protection associations as defined in section 320.300 shall complete and file with the state fire marshal within sixty days after January 1, 2008, and annually thereafter, a fire department registration form provided by the state fire marshal. The state fire marshal may issue a fire department identification number to each registered fire protection district, fire department, or volunteer fire protection association based upon such registration. The state fire marshal may conduct periodic reviews of the information provided on each fire department registration form and may deny or revoke a fire department identification number based upon the information provided.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 27, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
NOV 27 2017
STATE AUDITORS OFFICE

RE: Petition approval request from Charnita Walker regarding a proposed statutory amendment to Chapter 558 (2018-311)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Charnita Walker on November 27, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
NOV 27 2017
MO. SECRETARY OF STATE

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(OFFICIAL BALLOT TITLE)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I _____, being first duly sworn, say

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____

Signature of Affiant

_____

Printed Name of Affiant

_____

_____

Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____

Signature of Notary

_____

_____

Address of Notary

Notary Public (Seal)

My commission expires _____

PROPOSED MEASURE

Be it enacted by the *people of the state of Missouri:*

Section 558.019, RSMO, Subsection 3 would be repealed. In lieu of it a new subsection relating to prison commitment terms for first-time dangerous felony offenders and offenders with multiple convictions of dangerous felonies. The existing statute reads as follows (with the matter to be deleted in [brackets]):

1. This section shall not be construed to affect the powers of the governor under article IV, section 7, of the Missouri Constitution. This statute shall not affect those provisions of section 565.020, section 566.125, or section 571.015, which set minimum terms of sentences, or the provisions of section 559.115, relating to probation.

2. The provisions of subsections 2 to 5 of this section shall be applicable to all classes of felonies except those set forth in chapter 579, or In chapter 195 prior to January 1, 2017, and those otherwise excluded in subsection 1 of this section. For the purposes of this section, "prison commitment" means and is the receipt by the department of corrections of an offender after sentencing. For purposes of this section, prior prison commitments to the department of corrections shall not include an offenders first Incarceration prior to release on probation under section 217.362 or an offenders Incarceration prior to release on probation under section 559.115. Other provisions of the law to the contrary notwithstanding, any offender who has been found guilty of a felony other than a dangerous felony as defined in section 556.061 and is committed to the department of corrections shall be required to serve the following minimum prison terms:

(1) If the offender has one previous prison commitment to the department of corrections for a felony offense, the minimum prison term which the offender must serve shall be forty percent of his or her sentence or until the offender attains seventy years of age, and has served at least thirty percent of the sentence imposed, whichever occurs first;

(2) If the offender has two previous prison commitments to the department of corrections for felonies unrelated to the present offense, the minimum prison term which the offender must serve shall be fifty percent of his or her sentence or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first;

(3) If the offender has three or more previous prison commitments to the department of corrections for felonies unrelated to the present offense, the minimum prison term which the offender must serve shall be eighty percent of his or her sentence or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first.

[3. Other provisions of the law to the contrary notwithstanding, any offender who has been found guilty of a dangerous felony as defined in section 556.061 and is committed to the department of corrections shall be required to serve a minimum prison term of eighty-five percent of the sentence imposed by the court or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first.]

4. For the purpose of determining the minimum prison term to be served, the following calculations shall apply:

(1) A sentence of life shall be calculated to be thirty years;

(2) Any sentence either alone or in the aggregate with other consecutive sentences for offenses committed at or near the same time which is over seventy-five years shall be calculated to be seventy-five years.

5. For purposes of this section, the term "minimum prison term" shall mean time required to be served by the offender before he or she is eligible for parole, conditional release or other early release by the department of corrections.

6. (1) A sentencing advisory commission is hereby created to consist of eleven members. One member shall be appointed by the speaker of the house. One member shall be appointed by the president pro tem of the senate. One member shall be the director of the department of corrections. Six members shall be appointed by and serve at the pleasure of the governor from among the following: the public defender commission; private citizens; a private member of *the* Missouri Bar; the board of probation and parole; and a prosecutor. Two members shall be appointed by the supreme court, one from a metropolitan area and one from a rural area. All members shall be appointed to a four-year term. All members of the sentencing commission appointed prior to August 28, 1994, shall continue to serve on the sentencing advisory commission at the pleasure of the governor.

(2) The commission shall study sentencing practices in the circuit courts throughout the state for the purpose of determining whether and to what extent disparities exist among the various circuit courts with respect to the length of sentences imposed and the use of probation for offenders convicted of the same or similar offenses and with similar criminal histories. The commission shall also study and examine whether and to what extent sentencing disparity among economic and social classes exists in relation to the sentence of death and If so, *the* reasons therefor, If sentences are comparable to other states, If the length of the sentence is appropriate, and the rate of rehabilitation based on sentence. It shall compile statistics, examine cases, draw conclusions, and perform other duties relevant to the research and investigation of disparities in death penalty sentencing among economic and social classes.

(3) The commission shall study alternative sentences, prison work programs, work release, home-based incarceration, probation and parole options, and any other programs and report the feasibility of these options in Missouri.

(4) The governor shall select a chairperson who shall call meetings of the commission as required or permitted pursuant to the purpose of the sentencing commission.

(5) The members of the commission shall not receive compensation for their duties on the commission, but shall be reimbursed for actual and necessary expenses incurred in the performance of these duties and for which they are not reimbursed by reason of their other paid positions.

(6) The circuit and associate circuit courts of this state, the office of the state courts administrator, the department of public safety, and the department of corrections shall cooperate with the commission by providing information or access to information needed by the commission. The office of the state court administrator will provide needed staffing resources.

7. Courts shall retain discretion to lower or exceed the sentence recommended by the commission as otherwise allowable by law, and to order restorative justice methods, when applicable.

8. If the imposition or execution of a sentence is suspended, the court may order any or all of the following restorative justice methods, or any other method that the court finds just or appropriate:

(1) Restitution to any victim or a statutorily created fund for costs incurred as a result of the offender's actions;

(2) Offender treatment programs;

(3) Mandatory community service;

(4) Work release programs in local facilities; and

(5) Community-based residential and nonresidential programs.

9. The provisions of this section shall apply only to offenses occurring on or after August 28, 2003.

10. Pursuant to subdivision (1) of subsection 8 of this section, the court may order the assessment and payment of a designated amount of restitution to a county law enforcement restitution fund established by the county commission pursuant to section 50.565. Such contribution shall not exceed three hundred dollars for any charged offense. Any restitution moneys deposited into the county law enforcement restitution fund pursuant to this section shall only be expended pursuant to the provisions of section 50.565.

11. A judge may order payment to a restitution fund only If such fund had been created by ordinance or resolution of a county of the state of Missouri prior to sentencing. A judge shall not have any direct supervisory authority or administrative control over any fund to which the judge is ordering a person to make payment. 12. A person who falls to make a payment to a county law enforcement restitution fund may not have his or her probation revoked solely for failing to make such payment unless the judge, after evidentiary hearing, makes a	finding supported by a preponderance of the evidence that the person either willfully refused to make the payment or that the person willfully, intentionally, and purposefully failed to make sufficient bona fide efforts to acquire the resources to pay. 13. Nothing in this section shall be construed to allow the sentencing advisory commission to issue recommended sentences in specific cases pending in the courts of this state.

The new subsection: 558.019.3 will read as follows:

3. Other provisions of the law to the contrary notwithstanding, any offender who has more than once been found guilty of a dangerous felony as defined In section 556.061 and is committed to the department of corrections shall be required to serve a minimum prison term of eighty-five percent of the sentence imposed by the court or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first.:

(1) If the offender has one previous prison commitment to the department of corrections for a dangerous felony offense, the minimum prison term which the offender must serve shall be fifty percent of their sentence or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first. if the offender has maintained the best possible institutional score for the year prior to their scheduled parole hearing date, then parole shall be granted. If parole is denied, a hearing shall be scheduled every two years until the offender is paroled. The first-time conviction exception of this subsection shall be applicable to all dangerous felonies occurring on or after August 28, 1994.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 27, 2017

RECEIVED
NOV 2 7 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article I, Section 29, version 6 (2018-310)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on November 22, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jay Ashcroft

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

RECEIVED
2017 NOV 22 PM 3:54

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 201__.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

NOTICE: You are advised that the proposed amendment to the constitution changes, repeals, or modifies by implication, or may be construed to change, repeal or modify by implication, Article I of the Missouri Constitution and Chapter 290, RSMo. The proposed amendment revises Article I of the Constitution by amending section 29.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I is amended by revising section 29, to read as follows:

Section 29. That employees shall have the right to organize and to bargain collectively through representatives of their own choosing. That employees shall have the freedom to get jobs and to keep their jobs without being forced to pay any fees to a union or join a union, such that, to obtain or keep a job, no person shall be forced to: (1) become, remain, or refrain from becoming a member of a union; or (2) pay any dues, fees, assessments, or other similar charges however denominated of any kind or amount to a union or third party in lieu thereof.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-310)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article I. (Received November 27, 2017)

Date

December 18, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. This initiative petition is deferred to OA (Office of Administration) for response.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated they have maintained a zero to unknown fiscal impact on labor issues. No known direct effects would stem from this, but it may have indirect effects on their department.

Officials from the **Office of Administration** this proposal amends Section 29 of the MO Constitution by prohibiting employers from requiring employees from becoming, remaining or refraining from becoming a member of a labor organization or paying union dues, as a condition of employment. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish

the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would result in no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **City of St. Joseph** indicated this initiative petition will have no fiscal impact on their city.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **University of Central Missouri** indicated there is no fiscal impact for their university.

Officials from **Missouri State University** indicated no fiscal impact for their university.

Officials from **Missouri Western State University** indicated this initiative petition will not have a fiscal impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St.**

Louis, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University, and **Truman State University**.

Fiscal Note Summary

State and local government entities estimate no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 27, 2017

RECEIVED
NOV 27 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article I, Section 8, version 5 (2018-309)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on November 22, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

RECEIVED
2017 NOV 22 PM 3:59

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

JOHN ASHCROFT
SECRETARY OF STATE

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 201__.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

NOTICE: You are advised that the proposed amendment to the constitution changes, repeals, or modifies by implication, or may be construed to change, repeal or modify by implication, Article I of the Missouri Constitution and Chapter 290, RSMo. The proposed amendment revises Article I of the Constitution by amending section 8.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I is amended by revising section 8, to read as follows:

Section 8. That no law shall be passed impairing the freedom of speech, no matter by what means communicated: that every person shall be free to say, write or publish, or otherwise communicate whatever he will on any subject, being responsible for all abuses of that liberty; and that no person shall be forced to pay any fee to a union or join a union in order to gain or keep a job; and that in all suits and prosecutions for libel or slander the truth thereof may be given in evidence; and in suits and prosecutions for libel the jury, under the direction of the court, shall determine the law and the facts.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-309)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article I. (Received November 27, 2017)

Date

December 18, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. This initiative petition is deferred to OA (Office of Administration) for response.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated they have maintained a zero to unknown fiscal impact on labor issues. No known direct effects would stem from this, but it may have indirect effects on their department.

Officials from the **Office of Administration** this proposal amends Section 8 of the MO Constitution by protecting workers from being forced to join a union or pay union fees as a condition of employment or continued employment. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there

were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would result in no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **City of St. Joseph** indicated this initiative petition will have no fiscal impact on their city.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **University of Central Missouri** indicated there is no fiscal impact for their university.

Officials from **Missouri State University** indicated no fiscal impact for their university.

Officials from **Missouri Western State University** indicated this initiative petition will not have a fiscal impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Missouri Southern State**

University, Northwest Missouri State University, Southeast Missouri State University, and **Truman State University**.

Fiscal Note Summary

State and local government entities estimate no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 27, 2017

RECEIVED
NOV 27 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article I, Section 8, version 4 (2018-308)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on November 22, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No_____

RECEIVED
2017 NOV 22 PM 3:52

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 201__.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

NOTICE: You are advised that the proposed amendment to the constitution changes, repeals, or modifies by implication, or may be construed to change, repeal or modify by implication, Article I of the Missouri Constitution and Chapter 290, RSMo. The proposed amendment revises Article I of the Constitution by amending section 8.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I is amended by revising section 8, to read as follows:

Section 8. That no law shall be passed impairing the freedom of speech, no matter by what means communicated: that every person shall be free to say, write or publish, or otherwise communicate whatever he will on any subject, being responsible for all abuses of that liberty; and that every worker shall be free to keep or find a job without being forced, as a condition, to pay any fee to a union or join a union; and that in all suits and prosecutions for libel or slander the truth thereof may be given in evidence; and in suits and prosecutions for libel the jury, under the direction of the court, shall determine the law and the facts.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-308)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article I. (Received November 27, 2017)

Date

December 18, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. This initiative petition is deferred to OA (Office of Administration) for response.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated they have maintained a zero to unknown fiscal impact on labor issues. No known direct effects would stem from this, but it may have indirect effects on their department.

Officials from the **Office of Administration** this proposal amends Section 8 of the MO Constitution by protecting workers from being forced to join a union or pay union fees as a condition of employment or continued employment. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there

were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would result in no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **City of St. Joseph** indicated this initiative petition will have no fiscal impact on their city.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **University of Central Missouri** indicated there is no fiscal impact for their university.

Officials from **Missouri State University** indicated no fiscal impact for their university.

Officials from **Missouri Western State University** indicated this initiative petition will not have a fiscal impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Missouri Southern State**

University, Northwest Missouri State University, Southeast Missouri State University, and **Truman State University**.

Fiscal Note Summary

State and local government entities estimate no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 27, 2017

RECEIVED
NOV 27 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article I, Section 8, version 3 (2018-307)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on November 22, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

RECEIVED
2017 NOV 22 PM 3:51

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars, or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 201__.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

NOTICE: You are advised that the proposed amendment to the constitution changes, repeals, or modifies by implication, or may be construed to change, repeal or modify by implication, Article I of the Missouri Constitution and Chapter 290, RSMo. The proposed amendment revises Article I of the Constitution by amending section 8.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I is amended by revising section 8, to read as follows:

Section 8. That no law shall be passed impairing the freedom of speech, no matter by what means communicated: that every person shall be free to say, write or publish, or otherwise communicate whatever he will on any subject, being responsible for all abuses of that liberty; and that in all suits and prosecutions for libel or slander the truth thereof may be given in evidence; and in suits and prosecutions for libel the jury, under the direction of the court, shall determine the law and the facts. <u>That the freedom of speech shall protect the right of every worker to keep or find a job without being forced, as a condition, to pay any fee to a union or join a union.</u>

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-307)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article I. (Received November 27, 2017)

Date

December 18, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. This initiative petition is deferred to OA (Office of Administration) for response.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated they have maintained a zero to unknown fiscal impact on labor issues. No known direct effects would stem from this, but it may have indirect effects on their department.

Officials from the **Office of Administration** this proposal amends Section 8 of the MO Constitution by stating that freedom of speech protects workers from being forced to join a union or pay union fees as a condition of employment or continued employment. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish

the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would result in no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **City of St. Joseph** indicated this initiative petition will have no fiscal impact on their city.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **University of Central Missouri** indicated there is no fiscal impact for their university.

Officials from **Missouri State University** indicated no fiscal impact for their university.

Officials from **Missouri Western State University** indicated this initiative petition will not have a fiscal impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St.**

Louis, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University, and **Truman State University**.

Fiscal Note Summary

State and local government entities estimate no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 27, 2017

RECEIVED
NOV 27 2017
STATE AUDITOR'S OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article I, Section 8, version 2 (2018-306)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on November 22, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

RECEIVED
2017 NOV 22 PM 3:50

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 201__.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

NOTICE: You are advised that the proposed amendment to the constitution changes, repeals, or modifies by implication, or may be construed to change, repeal or modify by implication, Article I of the Missouri Constitution and Chapter 290, RSMo. The proposed amendment revises Article I of the Constitution by amending section 8.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I is amended by revising section 8, to read as follows:

Section 8. That no law shall be passed impairing the freedom of speech, no matter by what means communicated: that every person shall be free to say, write or publish, or otherwise communicate whatever he will on any subject, being responsible for all abuses of that liberty; and that in all suits and prosecutions for libel or slander the truth thereof may be given in evidence; and in suits and prosecutions for libel the jury, under the direction of the court, shall determine the law and the facts. <u>That the freedom of speech shall protect every worker from being forced to join a union or pay a fee to a union (or to a third-party in lieu thereof) as a condition of employment or continued employment.</u>

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-306)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article I. (Received November 27, 2017)

Date

December 18, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. This initiative petition is deferred to OA (Office of Administration) for response.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated they have maintained a zero to unknown fiscal impact on labor issues. No known direct effects would stem from this, but it may have indirect effects on their department.

Officials from the **Office of Administration** indicated this proposal amends Section 8 of the MO Constitution by stating that freedom of speech protects workers from being forced to join a union or pay union fees as a condition of employment or continued employment. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish

the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would result in no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **City of St. Joseph** indicated this initiative petition will have no fiscal impact on their city.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **University of Central Missouri** indicated there is no fiscal impact for their university.

Officials from **Missouri State University** indicated no fiscal impact for their university.

Officials from **Missouri Western State University** indicated this initiative petition will not have a fiscal impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St.**

Louis, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University, and **Truman State University**.

Fiscal Note Summary

State and local government entities estimate no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 27, 2017

RECEIVED
NOV 27 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article I, Section 29, version 1 (2018-305)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on November 22, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No.____

RECEIVED
2017 NOV 22 PM 3:19

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 201__.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

NOTICE: You are advised that the proposed amendment to the constitution changes, repeals, or modifies by implication, or may be construed to change, repeal or modify by implication, Article I of the Missouri Constitution and Chapter 290, RSMo. The proposed amendment revises Article I of the Constitution by amending section 29.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I is amended by revising section 29, to read as follows:

Section 29. That employees shall have the right to organize and to bargain collectively through representatives of their own choosing. That every employee shall have the freedom to work without being forced to pay any fees to a union or join a union, such that, to get or keep a job, no person shall be forced to: (1) become, remain, or refrain from becoming a member of a union; or (2) pay any dues, fees, assessments, or other similar charges however denominated of any kind or amount to a union or third party in lieu thereof.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-305)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article I. (Received November 27, 2017)

Date

December 18, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. This initiative petition is deferred to OA (Office of Administration) for response.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated they have maintained a zero to unknown fiscal impact on labor issues. No known direct effects would stem from this, but it may have indirect effects on their department.

Officials from the **Office of Administration** indicated this proposal amends Section 29 of the Missouri Constitution by prohibiting employers from requiring employees from becoming, remaining or refraining from becoming a member of a labor organization or paying union dues, as a condition of employment. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there

were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would result in no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **City of St. Joseph** indicated this initiative petition will have no fiscal impact on their city.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **University of Central Missouri** indicated there is no fiscal impact for their university.

Officials from **Missouri State University** indicated no fiscal impact for their university.

Officials from **Missouri Western State University** indicated this initiative petition will not have a fiscal impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Missouri Southern State**

University, Northwest Missouri State University, Southeast Missouri State University, and **Truman State University**.

Fiscal Note Summary

State and local government entities estimate no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 13, 2017

RECEIVED
NOV 13 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article I (2018-304)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on November 9, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
NOV 0 9 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 201__.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

NOTICE: You are advised that the proposed amendment to the constitution changes, repeals, or modifies by implication, or may be construed to change, repeal or modify by implication, Article I of the Missouri Constitution and Chapter 290, RSMo. The proposed amendment revises Article I of the Constitution by amending section 29.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I is amended by revising section 29, to read as follows:

Section 29. That employees shall have the right to organize and to bargain collectively through representatives of their own choosing. That every employee shall have the freedom to work without being forced to pay any fees to a union or join a union as a condition of employment, such that no person shall be required as a condition of employment or continued employment to: (1) become, remain, or refrain from becoming a member of a labor organization; or (2) pay any dues, fees, assessments, or other similar charges however denominated of any kind or amount to a labor organization or third party in lieu thereof.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-304)

Subject

Initiative petition from Patricia Thomas regarding a proposed constitutional amendment to Article I. (Received November 13, 2017)

Date

December 1, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, their office may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they defer to the Office of Administration for response to this fiscal note request.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact to their department/MHTC (Missouri Highways and Transportation Commission). No known direct effects would stem from this, but it may have indirect effects on their department.

Officials from the **Office of Administration** indicated this proposal amends Section 29 of the Missouri Constitution by prohibiting employers from requiring employees from becoming, remaining or refraining from becoming a member of a labor organization or paying union dues, as a condition of employment. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact to their office.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish

the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **University of Central Missouri** indicated this proposal carries no fiscal impact as bargaining unit dues and fees are 100% the responsibility of the employees and the members of the organization. Their university does not make a fiscal contribution in any format to the bargaining unit, or any other union that may come up on campus. To do anything else would have a potential ethical implication - and at minimum a perception implication.

Officials from **Missouri State University** indicated no fiscal impact for their university.

Officials from **Missouri Western State University** indicated this initiative petition will not have a fiscal impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape**

Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University, and **Truman State University**.

Fiscal Note Summary

State and local government entities estimate no costs or savings from this proposal.

STATE AUDITOR'S OFFICE
RECEIVED
NOV 0 2 2017

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 2, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Patricia Thomas regarding a proposed constitutional amendment to Article I (2018-303)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Patricia Thomas on November 2, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
NOV 02 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG R. DIST.	NAME (Printed or Typed)
1.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do □ do not □ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Address of Affiant

_____
(Printed Name of Affiant)

Subscribed and sworn to before me this _____ day of _____, A.D. 201__.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

NOTICE: You are advised that the proposed amendment to the constitution changes, repeals, or modifies by implication, or may be construed to change, repeal or modify by implication, Article I of the Missouri Constitution and Chapter 290, RSMo. The proposed amendment revises Article I of the Constitution by amending section 29.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I is amended by revising section 29, to read as follows:

Section 29. That employees shall have the right to organize and the bargain collectively through representatives of their own choosing. That every employee shall have the freedom to work without being forced to pay any fees to a union or join a union as a condition of employment, such that no person shall be required as a condition of employment or continued employment to: (1) become, remain, or refrain from becoming a member of a labor organization; or (2) pay any dues, fees, assessments, or other similar charges however denominated of any kind or amount to a labor organization or third party in lieu thereof.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

October 30, 2017

RECEIVED
OCT 30 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from DeAndre Morrow regarding a proposed constitutional amendment to Article IV (2018-302)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by DeAndre Morrow on October 30, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary Of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
OCT 30 2017
MO. SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____
I, _____, being first duly sworn, say (print or type names of signers)

Registered Voting Name (Signature)	Date Signed	Registered Voting Address (Number)(Street)(City, Town, Village)	Zip Code	Cong Dist.	Registered Voting Name (Printed or Typed)
1					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.
I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant

Subscribed and sworn to before me, this _____ day of _____ A.D. _____

_____
Signature of Notary

_____
Address of Notary

Notary Public (Seal)

My commission expires _____

This measure amends the Missouri Constitution by adding section 54 to Article IV. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1, 577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54, and to read as follows:

1. Cannabis shall immediately be removed from the Missouri list of controlled substances and shall no longer be listed among Missouri's drug schedules.

2. Definitions: cannabis and cannabis hemp refer to Cannabis, Marijuana, Cannabis Sativa, Cannabis Indica, Cannabis Ruderalis or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
   a) Medical cannabis refers to physician recommended use.
   b) Personal use refers to any use not recommended by physician.
   c) Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into or onto the human body.
   d) Establishment refers to a cannabis cultivating facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares, manufactures, packages, transports, or sells cannabis products or accessories.
   e) Minor refers to anyone under the age 18.

3. Cannabis or its products shall not be sold to anyone under the age 18. Anyone under the age of 18 shall have access to cannabis through physician recommendation or consent from parent/legal guardian.
   a) No minor shall be criminally prosecuted for possession of cannabis or its products.

4. The following acts are not lawful and shall not be an offense under Missouri law
   a) Possession of cannabis for personal or medical use.
   b) Cultivating cannabis for personal or medical use, to obey zoning restrictions.
   c) Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri.
   d) Providing cannabis, cannabis accessories and products for sale to consumers. Any product to be sold to public must be tested for purity and weight.
   e) Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (e) of this section.
   f) The possession of cannabis is not to be the sole reason for issuing a D.U.I. (Driving Under The Influence), arrest or fines when operating a motor vehicle.

5. Patient rights: Cannabis shall be available to all patients regardless of age, without taxation when physician recommended.

6. All prisoners that have been incarcerated for non-violent cannabis related crimes shall be released within 30 days, unless time remains on the sentence for another dissimilar offense.
   a) Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate expungement of all cannabis related non-violent civil and criminal records in Missouri, to be distributed to all circuit courts within the state.

7. No state funds shall be used to enforce federal laws which are no longer illegal in the state of Missouri.
   a) Any person who willfully impedes the lawful exercise of these provisions is guilty of a class A misdemeanor.

8. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirements, licensing fee that is discriminant, prohibitive, or in any way contrary to that which is relative to any other commercial or agriculture farmer, manufacturer, processor or distributor.

9. Pursuant to the ninth and tenth amendments to the Constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.

10. All provisions of this section are self-executing and severable and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance or resolution.

11. The dictates of this Initiative shall be implemented no later than April 20th following the election that placed this initiative before the people.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

October 27, 2017

RECEIVED
OCT 27 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Brian Hagg regarding a proposed statutory amendment to Chapters 558 and 560 (2018-301)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Brian Hagg on October 26, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

Initiative petition for law or constitutional amendment, form—clerical and technical errors to be disregarded, penalties for false signature.—The following shall be substantially the form of each page of each petition for any law or amendment to the Constitution of the state of Missouri proposed by the initiative: County ..... Page No. ..... It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

RECEIVED
OCT 26 2017
MO SECRETARY OF STATE

INITIATIVE PETITION To the Honorable ....., Secretary of State for the state of Missouri: We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the ..... day of ....., ..., and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title) ..... CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF ..... I, ..., being first duly sworn.

NAME SIGNED	DATE	REGISTERED VOTING ADDRESS	ZIP CODE	CONGR. DIST.	NAME Printed

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition. If paid, list the payer .... Signature of Affiant (Person obtaining signatures) ..... (Printed Name of Affiant) ..... Address of Affiant Subscribed and sworn to before me this ..... day of ....., A.D. .... Signature of Notary ..... Address of Notary Notary Public (Seal) My commission expires ..... If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors

New statute 558.002.1 continued has 2 different fine amounts for same offence, for persons convicted of C or D felony is either $5000 or at the top of first page beginning of statute states $10,000. Also the fine amount for corporation for a misdemeanor is just 10,000, but that is for every type the old statute had different fine amounts for different misdemeanor of A,B,C. this is unconstitutional no equal protection of the law which is a violation of the XIV of united states constitution.

The updated 560.011 is not the only Missouri statute that this558.002 replaced as it replaced 560.011,560.016 and 560.021. 560.016 and 560.021 on http://revisor.mo.gov/main/OneChapter.aspx?chapter=560 states that they are (Repealed L. 2014 S.B. 491) (1/1/2017). The www.moga.mo.gov not working since July of 2017.

[Missouri statute 558.002. Fines for felonies. — 1. Except as otherwise provided for an offense outside this code, a person who has been convicted of an offense may be sentenced to pay a fine which does not exceed:

(1) For a class C, D, or E felony, ten thousand dollars;

(2) For a class A misdemeanor, two thousand dollars;

(3) For a class B misdemeanor, one thousand dollars;

(4) For a class C misdemeanor, seven hundred fifty dollars;

(5) For a class D misdemeanor, five hundred dollars;

(6) For an infraction, four hundred dollars;] or

(7) If the person has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the person's gain from the commission of the offense.

[2. A sentence to pay a fine, when imposed on a corporation for an offense defined in this code or for any offense defined outside this code for which no specific corporate fine is specified, shall be a sentence to pay an amount, fixed by the court, which does not exceed:

(1) For a felony, twenty thousand dollars;

(2) For a misdemeanor, ten thousand dollars;

(3) For an infraction, one thousand dollars;] or

(4) If the corporation has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the corporation's gain from the commission of the offense.

3. As used in this section the term "gain" means the amount of money or the value of property derived from the commission of the offense. The amount of money or value of property returned to the victim of the offense or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

Missouri statute 558.002 because each fine amount has increased Violates the United States Constitutional **Amendment VIII Excessive bail shall not be required, nor excessive fines imposed,** nor cruel and unusual punishments inflicted. Also **Amendment XIVSection 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law**; nor deny to any person within its jurisdiction the equal protection of the laws. **It violates the Missouri Constitution Bill of Rights Article I Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design. Section 10. That no person shall be deprived of life, liberty or property without due process of law.**

Inbox - ratamfalenange X | My Drive - Google Drive X | State of Missouri Webs X | Section 558.0002 Fines X | (1) Twitter X

www.moga.mo.gov

Missouri Revised Statutes

Fines for felonies.

558.002. 1. Except as otherwise provided for an offense outside this code, a person who has been convicted of an offense may be sentenced to pay a fine which does not exceed

(1) For a class C, D, or E felony, ten thousand dollars;

(2) For a class A misdemeanor, two thousand dollars;

(3) For a class B misdemeanor, one thousand dollars;

(4) For a class C misdemeanor, seven hundred fifty dollars;

(5) For a class D misdemeanor, five hundred dollars;

(6) For an infraction, four hundred dollars; or

(7) If the person has gained money or property through the commission of the offense, to pay an amount fixed by the court, not exceeding double the amount of the person's gain from the commission of the offense.

2. A sentence to pay a fine, when imposed on a corporation for an offense defined in this code or for any offense defined outside this code for which no specific corporate fine is specified, shall be a sentence to pay an amount, fixed by the court, which does not exceed

(1) For a felony, twenty thousand dollars;

(2) For a misdemeanor, ten thousand dollars;

(3) For an infraction, one thousand dollars; or

(4) If the corporation has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the corporation's gain from the commission of the offense.

3. As used in this section, the term "gain" means the amount of money or the value of property derived from the commission of the offense. The amount of money or value of property returned to the victim of the offense or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain, the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

(L. 1977 S.B. 60, A.L. 2014 S.B. 491)

Transferred 2014, formerly 560.011. Effective 1-01-17

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Search 560.11

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Revisor's Note: In accordance with Section 3.090, the language of statutory sections enacted during the 2014 legislative session and available prior to the 120th day after the adjournment of the 2014 enacted bill which will appear in the Official Table of Contents of the online Revised Statutes represents, in part, the effective date of each amended statutory section.

The language contained in a 2014 enacted bill may differ from the final language of any modified statutory section based on other enactments in 2014.

The statutory sections contained in the online Revised Statutes incorporate modified statutory sections with

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(6) For an infraction, four hundred dollars; or

(7) If the person has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the person's gain from the commission of the offense.

2. A sentence to pay a fine, when imposed on a corporation for an offense defined in this code or for any offense defined outside this code for which no specific corporate fine is specified, shall be a sentence to pay an amount, fixed by the court, which does not exceed:

(1) For a felony, twenty thousand dollars;

(2) For a misdemeanor, ten thousand dollars;

(3) For an infraction, one thousand dollars; or

(4) If the corporation has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the corporation's gain from the commission of the offense.

3. As used in this section, the term "gain" means the amount of money or the value of property derived from the commission of the offense. The amount of money or value of property returned to the victim of the offense or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain, the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

(L. 1977 S.B. 60. A.L. 2014 S.B. 491)

Transferred 2014; formerly 560.011; Effective 1-01-17

2017

2017 (Transferred now: 558.000.0002)

560.11. 1. A person who has been convicted of a class C or D felony may be sentenced:

(1) To pay a fine which does not exceed five thousand dollars; or

(2) If the offender has gained money or property through the commission of the crime, to pay an amount, fixed by the court, not exceeding double the amount of the offender's gain from the commission of the crime. An individual offender may be fined not more than twenty thousand dollars under this provision.

2. As used in this section, the term "gain" means the amount of money or the value of property derived from the commission of the crime. The amount of money or value of property returned to the victim of the crime or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain, the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

3. The provisions of this section shall not apply to corporations.

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Missouri General Assembly

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FINES

Sec.
560.011. Fines for felonies.
560.016. Fines for misdemeanors and infractions.
560.021. Fines for corporations.
560.026. Imposition of fines.
560.031. Response to nonpayment.
560.036. Revocation of a fine.

Cross Reference

Infractions, limitations on amount of fines, RSMo 560.016.

560.011. Fines for felonies. — 1. A person who has been convicted of a class C or D felony may be sentenced

(1) To pay a fine which does not exceed five thousand dollars; or

(2) If the offender has gained money or property through the commission of the crime, to pay an amount, fixed by the court, not exceeding double the amount of the offender's gain from the commission of the crime. An individual offender may be fined not more than twenty thousand dollars under this provision.

2. As used in this section the term **"gain"** means the amount of money or the value of property derived from the commission of the crime. The amount of money or value of property returned to the victim of the crime or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

3. The provisions of this section shall not apply to corporations.

(L. 1977 S.B. 60)

Effective 1-1-79

560.016. Fines for misdemeanors and infractions. — 1. Except as otherwise provided for an offense outside this code, a person who has been convicted of a misdemeanor or infraction may be sentenced to pay a fine which does not exceed

(1) For a class A misdemeanor, one thousand dollars;

(2) For a class B misdemeanor, five hundred dollars;

(3) For a class C misdemeanor, three hundred dollars;

(4) For an infraction, two hundred dollars.

2. In lieu of a fine imposed under subsection 1, a person who has been convicted of a misdemeanor or infraction through which he derived "gain" as defined in section 560.011, may be sentenced to a fine which does not exceed double the amount of gain from the commission of the offense. An individual offender may be fined not more than twenty thousand dollars under this provision.

(L. 1977 S.B. 60)

Effective 1-1-79

560.021. Fines for corporations. — 1. A sentence to pay a fine, when imposed on a corporation for an offense defined in this code or for any offense defined outside this code for which no special corporate fine is specified, shall be a sentence to pay an amount, fixed by the court, not exceeding:

(1) Ten thousand dollars, when the conviction is of a felony;

(2) Five thousand dollars, when the conviction is of a class A misdemeanor;

(3) Two thousand dollars, when the conviction is of a class B misdemeanor;

(4) One thousand dollars, when the conviction is of a class C misdemeanor;

(5) Five hundred dollars, when the conviction is of an infraction;

(6) Any higher amount not exceeding double the amount of the corporation's gain from the commission of the offense, as determined under section 560.011.

2. In the case of an offense defined outside this code, if a special fine for a corporation is expressly specified in the statute that defines the offense, the fine fixed by the court shall be

(1) An amount within the limits specified in the statute that defines the offense; or

(2) Any higher amount not exceeding double the amount of the corporation's gain from the commission of the offense, as determined under section 560.011.

RECEIVED
OCT 26 2017
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

October 26, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Brian Hagg regarding a proposed statutory amendment to Chapter 116 (2018-300)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Brian Hagg on October 26, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

Initiative petition for law or constitutional amendment, form—clerical and technical errors to be disregarded, penalties for false signature.—The following shall be substantially the form of each page of each petition for any law or amendment to the Constitution of the state of Missouri proposed by the initiative: County ..... Page No. ..... It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION To the Honorable ....., Secretary of State for the state of Missouri: We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the ..... day of ....., ..., and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

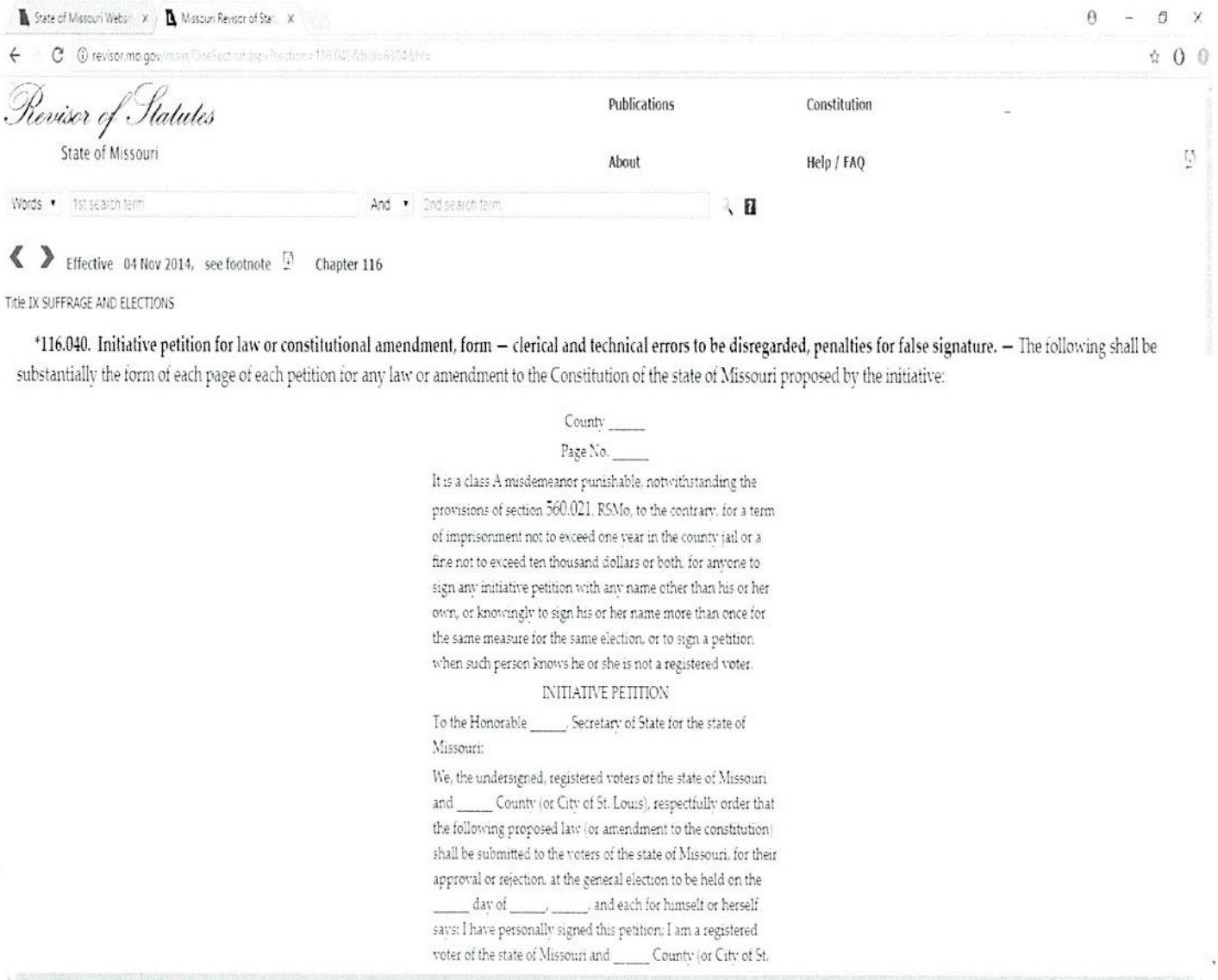
(Official Ballot title) ..... CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF ..... I, ..., being first duly sworn.

NAME SIGNED	DATE	REGISTERED VOTING ADDRESS	ZIP CODE	CONGR. DIST.	NAME Printed

RECEIVED
OCT 26 2017
MO. SECRETARY OF STATE

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition. If paid, list the payer .... Signature of Affiant (Person obtaining signatures) ..... (Printed Name of Affiant) ..... Address of Affiant Subscribed and sworn to before me this ..... day of ....., A.D. .... Signature of Notary ..... Address of Notary Notary Public (Seal) My commission expires ..... If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors

This Missouri statute 116.040 sites a Missouri statute 560.021 that has been repealed and replaced as 558.002 but it is not listed. The Missouri statute 560.021 and 558.002 does not apply to this because 560.021 was for corporations and it did not have the class of felonies listed and 558.002 does not have the same defining under the law for what class of felony, or misdemeanor the corporation is to be charged. Missouri Constitution Article I Bill of Rights Section 2 that all persons are created equal and are entitled to equal rights and opportunity under the law;…



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Effective 04 Nov 2014, see footnote | Chapter 116

Title IX SUFFRAGE AND ELECTIONS

***116.040. Initiative petition for law or constitutional amendment, form — clerical and technical errors to be disregarded, penalties for false signature. —** The following shall be substantially the form of each page of each petition for any law or amendment to the Constitution of the state of Missouri proposed by the initiative:

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable _____, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the _____ day of _____, _____, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St.

***116.040. Initiative petition for law or constitutional amendment, form — clerical and technical errors to be disregarded, penalties for false signature. —** The following shall be substantially the form of each page of each petition for any law or amendment to the Constitution of the state of Missouri proposed by the initiative:

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section [560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.] The Missouri statute 560.021 and 558.002 does not apply to this because 560.021 was for corporations and it did not have the class of felonies listed and 558.002 does not have the same defining under the law for what class of felony, or misdemeanor the corporation is to be charged. Missouri Constitution Article I Bill of Rights Section 2 that all persons are created equal and are entitled to equal rights and opportunity under the law;…

INITIATIVE PETITION

To the Honorable _____, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the _____ day of _____, _____, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title) _____

CIRCULATOR'S AFFIDAVIT

State Of Missouri,

County Of _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME	DATE SIGNED	REGISTERED VOTING ADDRESS	ZIP CODE	CONGR. DIST.	NAME
(Signature)		(Street) (City, Town or Village)			(Printed or Typed)

(Here follow numbered lines for signers)

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do _____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____

Signature of Affiant

(Person obtaining signatures)

_____

(Printed Name of Affiant)

_____

Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____

_____

Signature of Notary

Address of Notary

Notary Public (Seal)

My commission expires _____

If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors.

(L. 1980 S.B. 658, A.L. 1986 H.B. 1471, et al., A.L. 1997 S.B. 132, A.L. 1999 H.B. 676, A.L. 2013 H.B. 117)

Effective 11-04-14

*Revisor's Note: Section 560.021, as referenced in the form contained in this section, was repealed by S.B. 491, 2014, effective 1-01-17.

***116.030. Referendum petition, form — clerical and technical errors to be disregarded, penalties for false signature. —** The following shall be substantially the form of each page of referendum petitions on any law passed by the general assembly of the state of Missouri:

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section[560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any referendum petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.] The Missouri statute560.021 and 558.002 does not apply to this because 560.021 was for corporations and it did not have the

class of felonies listed and 558.002 does not have the same defining under the law for what class of felony, or misdemeanor the corporation is to be charged. Missouri Constitution Article I Bill of Rights Section 2 that all persons are created equal and are entitled to equal rights and opportunity under the law;...

PETITION FOR REFERENDUM

To the Honorable _____, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the Senate (or House) Bill No. _____ entitled (title of law), passed by the _____ general assembly of the state of Missouri, at the _____ regular (or special) session of the _____ general assembly, shall be referred to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the _____ day of _____, _____, unless the general assembly shall designate another date, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title) _____

CIRCULATOR'S AFFIDAVIT

State Of Missouri,

County Of _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME	DATE SIGNED	REGISTERED VOTING ADDRESS	ZIP CODE	CONGR. DIST.	NAME
(Signature)		(Street) (City, Town or Village)			(Printed or Typed)

(Here follow numbered lines for signers)

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do _____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____

Signature of Affiant

(Person obtaining signatures)

_____

(Printed Name of Affiant)

_____

Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____

_____

Signature of Notary

Address of Notary

Notary Public (Seal)

My commission expires _____

If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors.

(L. 1980 S.B. 658, A.L. 1986 H.B. 1471, et al., A.L. 1997 S.B. 132, A.L. 1999 H.B. 676, A.L. 2013 H.B. 117)

Effective 11-04-14

*Revisor's Note: Section 560.021, as referenced in the form contained in this section, was repealed by S.B. 491, 2014, effective 1-01-17.

Is the old Missouri statute that 116.030 and 116.040 got 560.021 from which is for corporations.

Chapter 560

FINES

Sec.
560.011 Fines for felonies.
560.016 Fines for misdemeanors and infractions.
560.021 Fines for corporations.
560.026 Imposition of fines.
560.031 Response to nonpayment.
560.036 Revocation of a fine.

Cross Reference
Infractions, limitations on amount of fines, RSMo 560.016

560.011. Fines for felonies. — 1. A person who has been convicted of a class C or D felony may be sentenced

(1) To pay a fine which does not exceed five thousand dollars; or

(2) If the offender has gained money or property through the commission of the crime, to pay an amount, fixed by the court, not exceeding double the amount of the offender's gain from the commission of the crime. An individual offender may be fined not more than twenty thousand dollars under this provision.

2. As used in this section the term **"gain"** means the amount of money or the value of property derived from the commission of the crime. The amount of money or value of property returned to the victim of the crime or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

3. The provisions of this section shall not apply to corporations.

(L. 1977 S.B. 60)

Effective 1-1-79

560.016. Fines for misdemeanors and infractions. — 1. Except as otherwise provided for an offense outside this code, a person who has been convicted of a misdemeanor or infraction may be sentenced to pay a fine which does not exceed:

(1) For a class A misdemeanor, one thousand dollars;

(2) For a class B misdemeanor, five hundred dollars;

(3) For a class C misdemeanor, three hundred dollars;

(4) For an infraction, two hundred dollars.

2. In lieu of a fine imposed under subsection 1, a person who has been convicted of a misdemeanor or infraction through which he derived "gain" as defined in section 560.011, may be sentenced to a fine which does not exceed double the amount of gain from the commission of the offense. An individual offender may be fined not more than twenty thousand dollars under this provision.

(L. 1977 S.B. 60)

Effective 1-1-79

560.021. Fines for corporations. — 1. A sentence to pay a fine, when imposed on a corporation for an offense defined in this code or for an offense defined outside this code for which no special corporate fine is specified, shall be a sentence to pay an amount, fixed by the court, not exceeding:

(1) Ten thousand dollars, when the conviction is of a felony;

(2) Five thousand dollars, when the conviction is of a class A misdemeanor;

(3) Two thousand dollars, when the conviction is of a class B misdemeanor;

(4) One thousand dollars, when the conviction is of a class C misdemeanor;

(5) Five hundred dollars, when the conviction is of an infraction;

(6) Any higher amount not exceeding double the amount of the corporation's gain from the commission of the offense, as determined under section 560.011.

2. In the case of an offense defined outside this code, if a special fine for a corporation is expressly specified in the statute that defines the offense, the fine fixed by the court shall be

(1) An amount within the limits specified in the statute that defines the offense; or

(2) Any higher amount not exceeding double the amount of the corporation's gain from the commission of the offense, as determined under section 560.011.

(L. 1977 S.B. 60)

Effective 1-1-79

560.026. Imposition of fines. — mining the amount and the method o a fine, the court shall, insofar as practic tion the fine to the burden that paymen in view of the financial resources of a The court shall not sentence an offer fine in any amount which will preve making restitution or reparation to the offense.

2. When any other disposition is a statute, the court shall not sentence a to pay a fine only unless, having r nature and circumstances of the offe history and character of the offende opinion that the fine alone will su protection of the public.

3. The court shall not sentence a to pay a fine in addition to any oth authorized by section 557.011, RSM

(1) He has derived a pecuniary g offense; or

(2) The court is of the opinion uniquely adapted to deterrence of offense involved or to the correc defendant.

4. When an offender is sentenc fine, the court may provide for the pa made within a specified period of specified installments. If no such made a part of the sentence, the f payable forthwith.

5. When an offender is sentenc fine, the court shall not impose at th an alternative sentence to be served that the fine is not paid. The resp court to nonpayment shall be deter after the fine has not been paid, as section 560.031.

(L. 1977 S.B. 60)

Effective 1-1-79

560.031. Response to nonpayr When an offender sentenced to pay a to the payment of the fine or in any ins court upon motion of the prosecuting upon its own motion may require h cause why he should not be imprisonec ment. The court may issue a warrant summons for his appearance.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

October 13, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
OCT 13 2017
STATE AUDITORS OFFICE

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 147, version 4 (2018-299)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on October 13, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
OCT 13 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

Signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County

FUTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OR PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORG.ERY.

I am at least 18 years of age. I do___ do not___(check one) expect to be paid for circulating this petition. If paid, list the payer_____

Signature of Affiant (person obtaining signatures) _____ Street address of Affiant_____

Printed name of Affiant_____ City, State, and zip code of Affiant_____

Subscribed and sworn to me this_____ day of _____A.D._____

Signature of Notary_____ Notary Public (Seal)

Address of Notary_____ My commission expires _/_/____

Be it enacted by the people of the state of Missouri:

The annual franchise tax of Chapter 147.RSMo will be amended to be re-instated as follows with the revenue to be distributed to the Missouri Road Fund, to the higher education fund and to school districts with a 12% or more poverty level as directed by this amendment:

147.010 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state exceed two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter 351 or not, shall be subject to this section. Any corporation whose outstanding shares and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state that fact on the annual report form prescribed by the secretary of state. For all taxable years beginning on or after January 1, 2000, but ending before December 31, 2009, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do not exceed one million dollars shall state that fact on the annual report form prescribed by the director of revenue. For taxable years beginning on or after January 1, 2010, but before December 31, 2011, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars. For all taxable years beginning on or after January 1, 2010, but before December 31, 2015, any corporation whose outstanding shares and surplus do not exceed ten million dollars shall state that fact on the annual report form prescribed by the director of revenue. For all taxable years beginning on or after January 1, 2011, but before December 31, 2015, a corporation's annual tax liability under this chapter shall not exceed the amount of annual franchise tax liability of such corporation for the taxable year ending on or before December 31, 2010. If the corporation had no annual franchise tax liability under this chapter for the taxable year ending on or before December 31, 2010, because such corporation was not in existence or doing business in Missouri, the annual franchise tax for the first taxable year in which such corporation exists shall be determined by applying the applicable rate of tax provided under the provisions of this subsection to the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars, but in no case shall such corporation's tax liability for any subsequent taxable year exceed the amount of annual franchise tax liability of such corporation for the first full taxable year such corporation was in existence or doing business in Missouri. For taxable years beginning on or after January 1, 2012, the annual franchise tax shall be equal to the percentage rate prescribed in this subsection for the corresponding taxable year of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed the corresponding minimum threshold amount prescribed as follows:

(1) For tax year 2012, the rate shall be one-thirty-seventh of one percent and the threshold amount shall be ten million dollars;

(2) For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold amount shall be ten million dollars;

(3) For tax year 2014, the rate shall be one-seventy-fifth of one percent and the threshold amount shall be ten million dollars;

(4) For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the threshold amount shall be ten million dollars;

(5) For tax years beginning on or after January 1, 2016, no annual franchise tax shall be imposed under this section until the tax year of 2019.

(6) For the tax year 2019, the rate shall be two percent and the threshold amount shall be ten million dollars and shall remain at that rate unless changed through a ballot of the citizens of the state of Missouri. The first quarterly estimated payments will be due on April 15th of 2019.

(7) Half of the revenue of the annual franchise tax will go into the Missouri State Road Fund.

(8) Three quarters of the remaining revenue of the annual franchise tax will be to provide funds for the school districts with a 12% or more poverty level of the Missouri public-school system including pre-kindergarten, elementary and secondary education. The revenue generated from the franchise tax for this section will go to a dedicated fund that will be distributed to these schools with a 12% or more poverty level. No Missouri revenue will go to non-public schools. The Missouri budget for elementary and secondary education will not be replaced by this bill. The elementary and secondary education budgets will remain as specified in Chapter 163. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget.

(9) One quarter of the remaining revenue of the annual franchise tax will be to provide revenue for the Department of Higher Education Budget. The Missouri budget for the Department of Higher Education will not be replaced by this bill. The Department of Higher Education Budget by the state will remain at least equal to a percent of the total budget from general revenue in future years as during the year 2015. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget. The initial revenue of $48 million from the annual franchise tax will go to help finance construction of a downtown arts campus for the University of Missouri in Kansas City. The revenue generated after this date will be allotted to the budget of the Department of Higher Education to spend as needed with an emphasis on increasing full time and tenured professors.

2. Sections 147.010 to 147.120 shall not apply to corporations not organized for profit, nor to corporations organized pursuant to the provisions of chapter 349, nor to express companies, which now pay an annual tax on their gross receipts in this state, nor to insurance companies, which are subject to an annual tax on their premium receipts in this state, nor to state, district, county, town and farmers' mutual companies now organized or that may be hereafter organized pursuant to any of the laws of this state, organized for the sole purpose of writing fire, lightning, windstorm, tornado, cyclone, hail and plate glass and mutual automobile insurance and for the purpose of paying any loss incurred by any member by assessment, nor to any mutual insurance corporation not having shares, nor to a company or association organized to transact business of life or accident insurance on the assessment plan for the purpose of mutual protection and benefit to its members and the payment of stipulated sums of moneys to the family, heirs, executors, administrators or assigns of the deceased member, nor to foreign life, fire, accident, surety, liability, steam boiler, tornado, health, or other kind of insurance company of whatever nature coming within the provisions of section 147.050 and doing business in this state, nor to savings and loan associations and domestic and foreign regulated investment companies as defined by Section 170 of the Act of Congress commonly known as the Revenue Act of 1942, nor to electric and telephone corporations organized pursuant to chapter 351 and chapter 392 prior to January 1, 1980, which have been declared tax-exempt organizations pursuant to Section 501(c) of the Internal Revenue Code of 1986, nor for taxable years beginning after December 31, 1986, to banking institutions subject to the annual franchise tax imposed by sections 148.010 to 148.110; but bank deposits shall be considered as funds of the individual depositor left for safekeeping and shall not be considered in computing the amount of tax collectible pursuant to the provisions of sections 147.010 to 147.120.

3. A corporation's taxable year for purposes of sections 147.010 to 147.120 shall be its taxable year as provided in section 143.271.

4. A corporation's transitional year for the purposes of sections 147.010 to 147.120 shall be its taxable year which includes parts of each of the years 1979 and 1980.

5. The franchise tax payable for a corporation's transitional year shall be computed by multiplying the amount otherwise due for that year by a fraction, the numerator of which is the number of months between January 1, 1980, and the end of the taxable year and the denominator of which is twelve. The franchise tax payable, if a corporation's taxable year is changed as provided in section 143.271, shall be similarly computed pursuant to regulations prescribed by the director of revenue.

6. All franchise reports and franchise taxes shall be returned to the director of revenue. All checks and drafts remitted for payment of franchise taxes shall be made payable to the director of revenue.

7. Pursuant to section 32.057, the director of revenue shall maintain the confidentiality of all franchise tax reports returned to the director.

8. The director of the department of revenue shall honor all existing agreements between taxpayers and the director of the department of revenue.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-299)

Subject

Initiative petition from Gerald Peterson regarding a proposed amendment to Chapter 147 of the Revised Statutes of Missouri. (Received October 13, 2017)

Date

November 2, 2017

Description

This proposal would amend Chapter 147 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb

the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated other than the potential impact on the revenue stream of state and local governments (which their department has no means to calculate), this proposal does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition would reinstate the annual franchise tax, one-eighth of which would go to their department. The first $48 million would be earmarked for the University of Missouri – Kansas City to construct a Downtown Campus for the Arts, and future funding would be added to MDHE's budget "to spend as needed with an emphasis on increasing full time and tenured professors."

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department. Increased operating costs to all state funds would total $157,691 for fiscal year 2019, $94,218 for fiscal year 2020, and $94,990 for fiscal year 2021. Of these costs, $79,812 are initial and one-time costs in fiscal year 2019 for equipment and changes to the current computerized system. These costs will be offset by additional revenues of $9,021,516,453 each year for fiscal years 2019 through 2021.

The legislation requires corporations organized pursuant to chapter 351 or other law of the state to pay an annual franchise tax beginning in tax year 2019.

Fiscal Note	IP 18-299		RSI - DOR		
Bill Number	IP 18-299				
Will a new system be required?		_ Yes		X	No
Indicate fiscal year when fully implemented			FY	2019	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2018**	**FY 2019**	**FY 2020**
General Revenue				$9,021,516,453	-
Other			-	-	-
Federal Funds			-	-	-
Total				$9,021,516,453	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	140.010				
			FY 2018	FY 2019	FY 2020
MEDL	Rate	Hours	$	$	$
IT Consultants	130	504		($65,520)	-
Section Total Expenditures:				($65,520)	-
Section Funding:	General Revenue			$9,021,358,762	-
	Federal		-	-	-
	Other		-	-	-
	Total			$9,021,358,762	-

The legislation creates a positive impact on Total State Revenue. The legislation increases state revenues.

Section 147.010

Beginning in tax year 2019, the legislation requires corporations to pay an annual franchise tax of two percent of its outstanding shares and surplus with a threshold amount of $10.0 million. The legislation dedicates one-half of the tax to the Missouri State Road Fund. The legislation allocates three-quarters and one-quarter of the remaining revenue to school districts with a 12% or more poverty level and the Department of Higher Education, respectively. This legislation prohibits the use of the revenue by non-public schools within elementary and secondary education.

Administrative Impact:
To implement this legislation the Department requires forms changes and programming.

Business Tax:
Business Tax requires one (1) Revenue Processing Technician I (Range 10, Step L) for every 2,600 pieces of additional correspondence and one (1) Revenue Processing Technician I (Range 10, Step L) for every 7,800 of additional errors generated.

Expenditure by Category Personnel by Position	FTEs	Annual Salary	FY 2019	FY 2020
RPT I (Range 10, Step L)	2	$27,185	$45,308	$54,914

Integrated Tax System:
If passed by voters, the Integrated Tax System incurs additional costs of $65,520 to implement the provisions of this legislation.

Fiscal Note	IP 18-299		RSI - DOR		
Bill Number	IP 18-299				
Will a new system be required?		_ Yes		X No	
Indicate fiscal year when fully implemented			FY 2019		
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2018**	**FY 2019**	**FY 2020**
General Revenue				$9,021,516,453	-
Other			-	-	-
Federal Funds			-	-	-
Total				$9,021,516,453	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	115.135				
			FY 2018	FY 2019	FY 2020
MEDL	Rate	Hours	$	$	$
IT Consultants	130	504		($65,520)	-
Section Total Expenditures:				($65,520)	-
Section Funding:	General Revenue			$9,021,358,762	-
	Federal		-	-	-
	Other		-	-	-
	Total			$9,021,358,762	-

Comments:

Their department would like to make sure of the intended start date of this legislation because of the provision in the legislation referring to the first estimated tax payment. A calendar year 2019 franchise return would be for the period of January 1, 2019 to December 31, 2019 and would be due April 15, 2019 (assuming that date does not fall on a holiday or weekend).

Estimated payments for income tax are due prior to the due date of the return in quarterly installments. So estimated payments for a calendar year 2015 filer would be due April, June, September and December of calendar year 2015. Since taxpayers pay franchise tax ahead, the first installments under this legislation would presumably be due April 15, 2018. Estimated payments are not required for franchise, but their department requests clarification of the intended begin date of the proposed tax rate increase.

Subsection 1(6)
Franchise tax is paid ahead, so the tax year 2019 franchise return will be due the 15th day of the fourth month following the beginning of the taxable year.

There is no provision in Chapter 147 that requires estimated payments on franchise taxes. Suggest removing this statement.

Subsection 1(7)
Franchise tax returns are filed throughout the year. Their department assumes that one-half of the franchise tax revenues will be transferred to the Missouri State Road Fund monthly.

Subsection 1(8)
Same comment as in Subsection 1(7), but three-quarters of the one-half will be transferred to a dedicated fund.

The petition does not set up the fund; nor provide authorization for anyone to administer the funds and distribute the money as needed. Since this fund is for schools, their department suggests Department of Higher Education maintain the fund and be responsible for the distribution to the school districts as their department has no way of knowing which school districts have a 12% or more poverty level.

Subsection 1(9)
They assume the one-quarter of the remaining revenue will be deposited into a fund for Department of Higher Education to administer. They assume the Department of Higher Education is responsible for tracking the $48 to finance the UMKC arts campus.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they defer to the Department of Revenue for potential fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Section 147.010, RSMo, to enact a two-percent franchise tax. One-half of the proceeds will be deposited in the Missouri State Road Fund. Three-fourths of the remaining one-half will go to a dedicated fund to distribute to schools with 12% or more poverty level. One-fourth of the remaining one-half will provide revenue for the Department of Higher Education. The first $48 million of the Higher Education funding will go to help finance construction of a downtown arts campus for the University of Missouri – Kansas City with the remainder to be spent as needed with an emphasis on increasing full-time and tenured professors. This language specifies that the tax revenue will not replace the Missouri budget for elementary and secondary education or for the Department of Higher Education. It also specifies that the Department of Higher Education Budget will remain at least equal to a percent of the total budget from general revenue in future years as during 2015.

The money for use by elementary and secondary education is to be deposited into an unspecified dedicated fund. In addition, Section 147.010.1(8), RSMo, states, “No Missouri revenue will go to non-public schools”. B&P (Budget and Planning) defers to DESE and DHE for the impact of this provision.

Based on franchise tax collections in CY (calendar year) 15, the last year a franchise tax was in place, gross collections were $29.9M. At a tax rate of 0.0067%, B&P estimates that total estimates of corporations with at least $10M in assets was $446.67B. At a tax rate of 2%, this proposal would generate approximately $8.93B in new revenues once fully implemented in FY20. While the franchise tax is an annual tax, historically payments have lagged the annual due date by as much as 18 months. Therefore, B&P estimates that this proposal would increase revenues by $5.54B in FY19 and $8.93B in FY20 and thereafter.

The distribution of the tax revenue is shown below:

Fund	% deposited	FY19	FY20
State Road Fund	50.0%	$2,770,000,000	$4,466,500,000
Unspecified Dedicated Fund (for school districts with at least 12% poverty level)	37.5%	$2,077,500,000	$3,349,875,000
Unspecified Dedicated Fund (for DHE)	12.5%	$692,500,000	$1,116,625,000

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated as written, they would anticipate a negative impact to the budget. The amount of impact is zero to unknown since the amount of potential shortfall is unknown. Additionally, the Elected Officials and General Assembly budget would require funds to be appropriated to cover the potential shortfall.

Officials from the **Secretary of State's office** indicated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to their office for Administrative Rules is less than $2,500. Their office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY 2013, the appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated if this initiative petition is approved by voters and the obligations created thereby are met by the General Assembly, then there would be no fiscal impact upon their office. If this initiative petition is approved by voters, but the obligations created thereby are not met by the General Assembly, then the potential impact upon their office is virtually unlimited, and could conceivably result in the cessation of their office's operations. There is no stated limit regarding what portion of their office's budget may be used to make up for any shortfall. Further, if their office is unable to pay and employ staff, then it would be unable to perform its essential functions, such as investing the state's funds (by which Missouri derived approximately $29,600,000 in investment income in FY 2017), processing state payments ($27,300,000,000 in FY 2017), and administering Missourians' unclaimed property ($44,300,000 paid on 166,000 accounts in FY 2017), which would result in a severe, generalized impact upon the citizens of this state.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson**

County, Jasper County, St. Charles County, St. Louis County, Taney County, the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate initial and one-time costs of approximately $80,000, annual costs of approximately $95,000, and annual revenues of approximately $9 billion. Local governmental entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

October 13, 2017

RECEIVED
OCT 13 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 147, version 3 (2018-298)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on October 13, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
OCT 13 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

Signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County

FUTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OR PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORG.ERY.

I am at least 18 years of age. I do___ do not___(check one) expect to be paid for circulating this petition. If paid, list the payer_____

Signature of Affiant (person obtaining signatures) _____ Street address of Affiant_____

Printed name of Affiant_____ City, State, and zip code of Affiant_____

Subscribed and sworn to me this_____ day of _____A.D._____

Signature of Notary_____ Notary Public (Seal)

Address of Notary_____ My commission expires _/_/____

Be it enacted by the people of the state of Missouri:

The annual franchise tax of Chapter 147.RSMo will be amended to be re-instated as follows with the revenue to be distributed to the Missouri Road Fund, to the higher education fund and to school districts with a 12% or more poverty level as directed by this amendment:

147.010 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state exceed two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter 351 or not, shall be subject to this section. Any corporation whose outstanding shares and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state that fact on the annual report form prescribed by the secretary of state. For all taxable years beginning on or after January 1, 2000, but ending before December 31, 2009, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do not exceed one million dollars shall state that fact on the annual report form prescribed by the director of revenue. For taxable years beginning on or after January 1, 2010, but before December 31, 2011, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars. For all taxable years beginning on or after January 1, 2010, but before December 31, 2015, any corporation whose outstanding shares and surplus do not exceed ten million dollars shall state that fact on the annual report form prescribed by the director of revenue. For all taxable years beginning on or after January 1, 2011, but before December 31, 2015, a corporation's annual tax liability under this chapter shall not exceed the amount of annual franchise tax liability of such corporation for the taxable year ending on or before December 31, 2010. If the corporation had no annual franchise tax liability under this chapter for the taxable year ending on or before December 31, 2010, because such corporation was not in existence or doing business in Missouri, the annual franchise tax for the first taxable year in which such corporation exists shall be determined by applying the applicable rate of tax provided under the provisions of this subsection to the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars, but in no case shall such corporation's tax liability for any subsequent taxable year exceed the amount of annual franchise tax liability of such corporation for the first full taxable year such corporation was in existence or doing business in Missouri. For taxable years beginning on or after January 1, 2012, the annual franchise tax shall be equal to the percentage rate prescribed in this subsection for the corresponding taxable year of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed the corresponding minimum threshold amount prescribed as follows:

(1) For tax year 2012, the rate shall be one-thirty-seventh of one percent and the threshold amount shall be ten million dollars;

(2) For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold amount shall be ten million dollars;

(3) For tax year 2014, the rate shall be one-seventy-fifth of one percent and the threshold amount shall be ten million dollars;

(4) For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the threshold amount shall be ten million dollars;

(5) For tax years beginning on or after January 1, 2016, no annual franchise tax shall be imposed under this section until the tax year of 2019.

(6) For the tax year 2019, the rate shall be one percent and the threshold amount shall be ten million dollars and shall remain at that rate unless changed through a ballot of the citizens of the state of Missouri. The first quarterly estimated payments will be due on April 15th of 2019.

(7) Half of the revenue of the annual franchise tax will go into the Missouri State Road Fund.

(8) Three quarters of the remaining revenue of the annual franchise tax will be to provide funds for the school districts with a 12% or more poverty level of the Missouri public-school system including pre-kindergarten, elementary and secondary education. The revenue generated from the franchise tax for this section will go to a dedicated fund that will be distributed to these schools with a 12% or more poverty level. No Missouri revenue will go to non-public schools. The Missouri budget for elementary and secondary education will not be replaced by this bill. The elementary and secondary education budgets will remain as specified in Chapter 163. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget.

(9) One quarter of the remaining revenue of the annual franchise tax will be to provide revenue for the Department of Higher Education Budget. The Missouri budget for the Department of Higher Education will not be replaced by this bill. The Department of Higher Education Budget by the state will remain at least equal to a percent of the total budget from general revenue in future years as during the year 2015. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget. The initial revenue of $48 million from the annual franchise tax will go to help finance construction of a downtown arts campus for the University of Missouri in Kansas City. The revenue generated after this date will be allotted to the budget of the Department of Higher Education to spend as needed with an emphasis on increasing full time and tenured professors.

2. Sections 147.010 to 147.120 shall not apply to corporations not organized for profit, nor to corporations organized pursuant to the provisions of chapter 349, nor to express companies, which now pay an annual tax on their gross receipts in this state, nor to insurance companies, which are subject to an annual tax on their premium receipts in this state, nor to state, district, county, town and farmers' mutual companies now organized or that may be hereafter organized pursuant to any of the laws of this state, organized for the sole purpose of writing fire, lightning, windstorm, tornado, cyclone, hail and plate glass and mutual automobile insurance and for the purpose of paying any loss incurred by any member by assessment, nor to any mutual insurance corporation not having shares, nor to a company or association organized to transact business of life or accident insurance on the assessment plan for the purpose of mutual protection and benefit to its members and the payment of stipulated sums of moneys to the family, heirs, executors, administrators or assigns of the deceased member, nor to foreign life, fire, accident, surety, liability, steam boiler, tornado, health, or other kind of insurance company of whatever nature coming within the provisions of section 147.050 and doing business in this state, nor to savings and loan associations and domestic and foreign regulated investment companies as defined by Section 170 of the Act of Congress commonly known as the Revenue Act of 1942, nor to electric and telephone corporations organized pursuant to chapter 351 and chapter 392 prior to January 1, 1980, which have been declared tax-exempt organizations pursuant to Section 501(c) of the Internal Revenue Code of 1986, nor for taxable years beginning after December 31, 1986, to banking institutions subject to the annual franchise tax imposed by sections 148.010 to 148.110; but bank deposits shall be considered as funds of the individual depositor left for safekeeping and shall not be considered in computing the amount of tax collectible pursuant to the provisions of sections 147.010 to 147.120.

3. A corporation's taxable year for purposes of sections 147.010 to 147.120 shall be its taxable year as provided in section 143.271.

4. A corporation's transitional year for the purposes of sections 147.010 to 147.120 shall be its taxable year which includes parts of each of the years 1979 and 1980.

5. The franchise tax payable for a corporation's transitional year shall be computed by multiplying the amount otherwise due for that year by a fraction, the numerator of which is the number of months between January 1, 1980, and the end of the taxable year and the denominator of which is twelve. The franchise tax payable, if a corporation's taxable year is changed as provided in section 143.271, shall be similarly computed pursuant to regulations prescribed by the director of revenue.

6. All franchise reports and franchise taxes shall be returned to the director of revenue. All checks and drafts remitted for payment of franchise taxes shall be made payable to the director of revenue.

7. Pursuant to section 32.057, the director of revenue shall maintain the confidentiality of all franchise tax reports returned to the director.

8. The director of the department of revenue shall honor all existing agreements between taxpayers and the director of the department of revenue.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-298)

Subject

Initiative petition from Gerald Peterson regarding a proposed amendment to Chapter 147 of the Revised Statutes of Missouri. (Received October 13, 2017)

Date

November 2, 2017

Description

This proposal would amend Chapter 147 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb

the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated other than the potential impact on the revenue stream of state and local governments (which their department has no means to calculate), this proposal does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition would reinstate the annual franchise tax, one-eighth of which would go to their department. The first $48 million would be earmarked for the University of Missouri – Kansas City to construct a Downtown Campus for the Arts, and future funding would be added to MDHE's budget "to spend as needed with an emphasis on increasing full time and tenured professors."

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department. Increased operating costs to all state funds would total $157,691 for fiscal year 2019, $94,218 for fiscal year 2020, and $94,990 for fiscal year 2021. Of these costs, $79,812 are initial and one-time costs in fiscal year 2019 for equipment and changes to the current computerized system. These costs will be offset by additional revenues of $4,510,758,226 each year for fiscal years 2019 through 2021.

The legislation requires corporations organized pursuant to chapter 351 or other law of the state to pay an annual franchise tax beginning in tax year 2019.

Fiscal Note	IP 18-298		RSI - DOR		
Bill Number	IP 18-298				
Will a new system be required?		_ Yes		X	No
Indicate fiscal year when fully implemented			FY	2019	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2018**	**FY 2019**	**FY 2020**
General Revenue				$4,510,758,226	-
Other			-	-	-
Federal Funds			-	-	-
Total				$4,510,758,226	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	147.010				
			FY 2018	FY 2019	FY 2020
MEDL	Rate	Hours	$	$	$
IT Consultants	130	504		($65,520)	-
Section Total Expenditures:				($65,520)	-
Section Funding:	General Revenue			$4,510,600,535	-
	Federal		-	-	-
	Other		-	-	-
	Total			$4,510,600,535	-

The legislation creates a positive impact on Total State Revenue. The legislation increases state revenues.

Section 147.010

Beginning in tax year 2019, the legislation requires corporations to pay an annual franchise tax of one percent of its outstanding shares and surplus with a threshold amount of $10.0 million. The legislation dedicates one-half of the tax to the Missouri State Road Fund. The legislation allocates three-quarters and one-quarter of the remaining revenue to school districts with a 12% or more poverty level and the Department of Higher Education, respectively. This legislation prohibits the use of the revenue by non-public schools within elementary and secondary education.

Administrative Impact:
To implement this legislation the Department requires forms changes and programming.

Business Tax:
Business Tax requires one (1) Revenue Processing Technician I (Range 10, Step L) for every 2,600 pieces of additional correspondence and one (1) Revenue Processing Technician I (Range 10, Step L) for every 7,800 of additional errors generated.

Expenditure by Category Personnel by Position	FTEs	Annual Salary	FY 2019	FY 2020
RPT I (Range 10, Step L)	2	$27,185	$45,308	$54,914

Integrated Tax System:
If passed by voters, the Integrated Tax System incurs additional costs of $65,520 to implement the provisions of this legislation.

Fiscal Note	IP 18-298		RSI - DOR		
Bill Number	IP 18-298				
Will a new system be required?		_ Yes		X	No
Indicate fiscal year when fully implemented			FY	2019	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2018**	**FY 2019**	**FY 2020**
General Revenue				$4,510,758,226	-
Other			-	-	-
Federal Funds			-	-	-
Total				$4,510,758,226	-
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Bill Section(s)	147.010				
			FY 2018	FY 2019	FY 2020
MEDL	Rate	Hours	$	$	$
IT Consultants	130	504		($65,520)	-
Section Total Expenditures:				($65,520)	-
Section Funding:	General Revenue			$4,510,600,535	-
	Federal		-	-	-
	Other		-	-	-
	Total			$4,510,600,535	-

Comments:

Their department would like to make sure of the intended start date of this legislation because of the provision in the legislation referring to the first estimated tax payment. A calendar year 2019 franchise return would be for the period of January 1, 2019 to December 31, 2019 and would be due April 15, 2019 (assuming that date does not fall on a holiday or weekend).

Estimated payments for income tax are due prior to the due date of the return in quarterly installments. So estimated payments for a calendar year 2015 filer would be due April, June, September and December of calendar year 2015. Since taxpayers pay franchise tax ahead, the first installments under this legislation would presumably be due April 15, 2018. Estimated payments are not required for franchise, but their department requests clarification of the intended begin date of the proposed tax rate increase.

Subsection 1(6)
Franchise tax is paid ahead, so the tax year 2019 franchise return will be due the 15th day of the fourth month following the beginning of the taxable year.

There is no provision in Chapter 147 that requires estimated payments on franchise taxes. Suggest removing this statement.

Subsection 1(7)
Franchise tax returns are filed throughout the year. Their department assumes that one-half of the franchise tax revenues will be transferred to the Missouri State Road Fund monthly.

Subsection 1(8)
Same comment as in Subsection 1(7), but three-quarters of the one-half will be transferred to a dedicated fund.

The petition does not set up the fund; nor provide authorization for anyone to administer the funds and distribute the money as needed. Since this fund is for schools, their department suggests Department of Higher Education maintain the fund and be responsible for the distribution to the school districts as their department has no way of knowing which school districts have a 12% or more poverty level.

Subsection 1(9)
They assume the one-quarter of the remaining revenue will be deposited into a fund for Department of Higher Education to administer. They assume the Department of Higher Education is responsible for tracking the $48 to finance the UMKC arts campus.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they defer to the Department of Revenue for potential fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Section 147.010, RSMo, to enact a one-percent franchise tax. One-half of the proceeds will be deposited in the Missouri State Road Fund. Three-fourths of the remaining one-half will go to a dedicated fund to distribute to schools with 12% or more poverty level. One-fourth of the remaining one-half will provide revenue for the Department of Higher Education. The first $48 million of the Higher Education funding will go to help finance construction of a downtown arts campus for the University of Missouri – Kansas City with the remainder to be spent as needed with an emphasis on increasing full-time and tenured professors. This language specifies that the tax revenue will not replace the Missouri budget for elementary and secondary education or for the Department of Higher Education. It also specifies that the Department of Higher Education Budget will remain at least equal to a percent of the total budget from general revenue in future years as during 2015.

The money for use by elementary and secondary education is to be deposited into an unspecified dedicated fund. In addition, Section 147.010.1(8), RSMo, states, “No Missouri revenue will go to non-public schools”. B&P (Budget and Planning) defers to DESE and DHE for the impact of this provision.

Based on franchise tax collections in CY (calendar year) 15, the last year a franchise tax was in place, gross collections were $29.9M. At a tax rate of 0.0067%, B&P estimates that total estimates of corporations with at least $10M in assets was $446.67B. At a tax rate of 1%, this proposal would generate approximately $4.47B in new revenues once fully implemented in FY20. While the franchise tax is an annual tax, historically payments have lagged the annual due date by as much as 18 months. Therefore, B&P estimates that this proposal would increase revenues by $2.77B in FY19 and $4.47B in FY20 and thereafter.

The distribution of the tax revenue is shown below:

Fund	% deposited	FY19	FY20
State Road Fund	50.0%	$1,385,000,000	$2,233,500,000
Unspecified Dedicated Fund (for school districts with at least 12% poverty level)	37.5%	$1,038,750,000	$1,675,125,000
Unspecified Dedicated Fund (for DHE)	12.5%	$346,250,000	$558,375,000

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated as written, they would anticipate a negative impact to the budget. The amount of impact is zero to unknown since the amount of potential shortfall is unknown. Additionally, the Elected Officials and General Assembly budget would require funds to be appropriated to cover the potential shortfall.

Officials from the **Secretary of State's office** indicated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to their office for Administrative Rules is less than $2,500. Their office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri

Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY 2013, the appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated if this initiative petition is approved by voters and the obligations created thereby are met by the General Assembly, then there would be no fiscal impact upon their office. If this initiative petition is approved by voters, but the obligations created thereby are not met by the General Assembly, then the potential impact upon their office is virtually unlimited, and could conceivably result in the cessation of their office's operations. There is no stated limit regarding what portion of their office's budget may be used to make up for any shortfall. Further, if their office is unable to pay and employ staff, then it would be unable to perform its essential functions, such as investing the state's funds (by which Missouri derived approximately $29,600,000 in investment income in FY 2017), processing state payments ($27,300,000,000 in FY 2017), and administering Missourians' unclaimed property ($44,300,000 paid on 166,000 accounts in FY 2017), which would result in a severe, generalized impact upon the citizens of this state.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of**

Joplin, the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate initial and one-time costs of approximately $80,000, annual costs of approximately $95,000, and annual revenues of approximately $4.5 billion. Local governmental entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

October 13, 2017

RECEIVED
OCT 13 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 147, version 2 (2018-297)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on October 13, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
OCT 13 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

Signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County

FUTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OR PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORG.ERY.

I am at least 18 years of age. I do___ do not___(check one) expect to be paid for circulating this petition. If paid, list the payer_____

Signature of Affiant (person obtaining signatures) _____ Street address of Affiant_____

Printed name of Affiant_____ City, State, and zip code of Affiant_____

Subscribed and sworn to me this_____ day of _____A.D._____

Signature of Notary_____ Notary Public (Seal)

Address of Notary_____ My commission expires _/_/____

Be it enacted by the people of the state of Missouri:

The annual franchise tax of Chapter 147.RSMo will be amended to be re-instated as follows with the revenue to be distributed to the Missouri Road Fund, to the higher education fund and to school districts with a 12% or more poverty level as directed by this amendment:

147.010 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state exceed two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter 351 or not, shall be subject to this section. Any corporation whose outstanding shares and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state that fact on the annual report form prescribed by the secretary of state. For all taxable years beginning on or after January 1, 2000, but ending before December 31, 2009, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do not exceed one million dollars shall state that fact on the annual report form prescribed by the director of revenue. For taxable years beginning on or after January 1, 2010, but before December 31, 2011, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars. For all taxable years beginning on or after January 1, 2010, but before December 31, 2015, any corporation whose outstanding shares and surplus do not exceed ten million dollars shall state that fact on the annual report form prescribed by the director of revenue. For all taxable years beginning on or after January 1, 2011, but before December 31, 2015, a corporation's annual tax liability under this chapter shall not exceed the amount of annual franchise tax liability of such corporation for the taxable year ending on or before December 31, 2010. If the corporation had no annual franchise tax liability under this chapter for the taxable year ending on or before December 31, 2010, because such corporation was not in existence or doing business in Missouri, the annual franchise tax for the first taxable year in which such corporation exists shall be determined by applying the applicable rate of tax provided under the provisions of this subsection to the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars, but in no case shall such corporation's tax liability for any subsequent taxable year exceed the amount of annual franchise tax liability of such corporation for the first full taxable year such corporation was in existence or doing business in Missouri. For taxable years beginning on or after January 1, 2012, the annual franchise tax shall be equal to the percentage rate prescribed in this subsection for the corresponding taxable year of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed the corresponding minimum threshold amount prescribed as follows:

(1) For tax year 2012, the rate shall be one-thirty-seventh of one percent and the threshold amount shall be ten million dollars;

(2) For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold amount shall be ten million dollars;

(3) For tax year 2014, the rate shall be one-seventy-fifth of one percent and the threshold amount shall be ten million dollars;

(4) For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the threshold amount shall be ten million dollars;

(5) For tax years beginning on or after January 1, 2016, no annual franchise tax shall be imposed under this section until the tax year of 2019.

(6) For the tax year 2019, the rate shall be two percent and the threshold amount shall be ten million dollars and shall remain at that rate unless changed through a ballot of the citizens of the state of Missouri. The first quarterly estimated payments will be due on April 15th of 2019.

(7) Half of the revenue of the annual franchise tax will go into the Missouri State Road Fund.

(8) Three quarters of the remaining revenue of the annual franchise tax will be to provide funds for the school districts with a 12% or more poverty level of the Missouri public-school system including pre-kindergarten, elementary and secondary education. The revenue generated from the franchise tax for this section will go to a dedicated fund that will be distributed to these schools with a 12% or more poverty level. The Missouri budget for elementary and secondary education will not be replaced by this bill. The elementary and secondary education budgets will remain as specified in Chapter 163. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget.

(9) One quarter of the remaining revenue of the annual franchise tax will be to provide revenue for the Department of Higher Education Budget. The Missouri budget for the Department of Higher Education will not be replaced by this bill. The Department of Higher Education Budget by the state will remain at least equal to a percent of the total budget from general revenue in future years as during the year 2015. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget. The initial revenue of $48 million from the annual franchise tax will go to help finance construction of a downtown arts campus for the University of Missouri in Kansas City. The revenue generated after this date will be allotted to the budget of the Department of Higher Education to spend as needed with an emphasis on increasing full time and tenured professors.

2. Sections 147.010 to 147.120 shall not apply to corporations not organized for profit, nor to corporations organized pursuant to the provisions of chapter 349, nor to express companies, which now pay an annual tax on their gross receipts in this state, nor to insurance companies, which are subject to an annual tax on their premium receipts in this state, nor to state, district, county, town and farmers' mutual companies now organized or that may be hereafter organized pursuant to any of the laws of this state, organized for the sole purpose of writing fire, lightning, windstorm, tornado, cyclone, hail and plate glass and mutual automobile insurance and for the purpose of paying any loss incurred by any member by assessment, nor to any mutual insurance corporation not having shares, nor to a company or association organized to transact business of life or accident insurance on the assessment plan for the purpose of mutual protection and benefit to its members and the payment of stipulated sums of moneys to the family, heirs, executors, administrators or assigns of the deceased member, nor to foreign life, fire, accident, surety, liability, steam boiler, tornado, health, or other kind of insurance company of whatever nature coming within the provisions of section 147.050 and doing business in this state, nor to savings and loan associations and domestic and foreign regulated investment companies as defined by Section 170 of the Act of Congress commonly known as the Revenue Act of 1942, nor to electric and telephone corporations organized pursuant to chapter 351 and chapter 392 prior to January 1, 1980, which have been declared tax-exempt organizations pursuant to Section 501(c) of the Internal Revenue Code of 1986, nor for taxable years beginning after December 31, 1986, to banking institutions subject to the annual franchise tax imposed by sections 148.010 to 148.110; but bank deposits shall be considered as funds of the individual depositor left for safekeeping and shall not be considered in computing the amount of tax collectible pursuant to the provisions of sections 147.010 to 147.120.

3. A corporation's taxable year for purposes of sections 147.010 to 147.120 shall be its taxable year as provided in section 143.271.

4. A corporation's transitional year for the purposes of sections 147.010 to 147.120 shall be its taxable year which includes parts of each of the years 1979 and 1980.

5. The franchise tax payable for a corporation's transitional year shall be computed by multiplying the amount otherwise due for that year by a fraction, the numerator of which is the number of months between January 1, 1980, and the end of the taxable year and the denominator of which is twelve. The franchise tax payable, if a corporation's taxable year is changed as provided in section 143.271, shall be similarly computed pursuant to regulations prescribed by the director of revenue.

6. All franchise reports and franchise taxes shall be returned to the director of revenue. All checks and drafts remitted for payment of franchise taxes shall be made payable to the director of revenue.

7. Pursuant to section 32.057, the director of revenue shall maintain the confidentiality of all franchise tax reports returned to the director.

8. The director of the department of revenue shall honor all existing agreements between taxpayers and the director of the department of revenue.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-297)

Subject

Initiative petition from Gerald Peterson regarding a proposed amendment to Chapter 147 of the Revised Statutes of Missouri. (Received October 13, 2017)

Date

November 2, 2017

Description

This proposal would amend Chapter 147 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb

the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated other than the potential impact on the revenue stream of state and local governments (which their department has no means to calculate), this proposal does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition would reinstate the annual franchise tax, one-eighth of which would go to their department. The first $48 million would be earmarked for the University of Missouri – Kansas City to construct a Downtown Campus for the Arts, and future funding would be added to MDHE's budget "to spend as needed with an emphasis on increasing full time and tenured professors."

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department. Increased operating costs to all state funds would total $157,691 for fiscal year 2019, $94,218 for fiscal year 2020, and $94,990 for fiscal year 2021. Of these costs, $79,812 are initial and one-time costs in fiscal year 2019 for equipment and changes to the current computerized system. These costs will be offset by additional revenues of $9,021,516,453 each year for fiscal years 2019 through 2021.

The legislation requires corporations organized pursuant to chapter 351 or other law of the state to pay an annual franchise tax beginning in tax year 2019.

Fiscal Note	IP 18-297		RSI - DOR		
Bill Number	IP 18-297				
Will a new system be required?		_ Yes		X	No
Indicate fiscal year when fully implemented			FY	2019	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2018**	**FY 2019**	**FY 2020**
General Revenue				$9,021,516,453	-
Other			-	-	-
Federal Funds			-	-	-
Total				$9,021,516,453	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	147.010				
			FY 2018	FY 2019	FY 2020
MEDL	Rate	Hours	$	$	$
IT Consultants	130	504		($65,520)	-
Section Total Expenditures:				($65,520)	-
Section Funding:	General Revenue			$9,021,358,762	-
	Federal		-	-	-
	Other		-	-	-
	Total			$9,021,358,762	-

The legislation creates a positive impact on Total State Revenue.

The legislation increases state revenues.

Section 147.010

Beginning in tax year 2019, the legislation requires corporations to pay an annual franchise tax of two percent of its outstanding shares and surplus with a threshold amount of $10.0 million. The legislation dedicates one-half of the tax to the Missouri State Road Fund. The legislation allocates three-quarters and one-quarter of the remaining revenue to school districts with a 12% or more poverty level and the Department of Higher Education, respectively.

Administrative Impact:
To implement this legislation the Department requires forms changes and programming.

Business Tax:
Business Tax requires one (1) Revenue Processing Technician I (Range 10, Step L) for every 2,600 pieces of additional correspondence and one (1) Revenue Processing Technician I (Range 10, Step L) for every 7,800 of additional errors generated.

Expenditure by Category Personnel by Position	FTEs	Annual Salary	FY 2019	FY 2020
RPT I (Range 10, Step L)	2	$27,185	$45,308	$54,914

Integrated Tax System:
If passed by voters, the Integrated Tax System incurs additional costs of $65,520 to implement the provisions of this legislation.

Fiscal Note	IP 18-297		RSI - DOR		
Bill Number	IP 18-297				
Will a new system be required?		_ Yes		X	No
Indicate fiscal year when fully implemented			FY	2019	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2018**	**FY 2019**	**FY 2020**
General Revenue				$9,021,516,453	-
Other			-	-	-
Federal Funds			-	-	-
Total				$9,021,516,453	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
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			FY 2018	FY 2019	FY 2020
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IT Consultants	130	504		($65,520)	-
Section Total Expenditures:				($65,520)	-
Section Funding:	General Revenue			$9,021,358,762	-
	Federal		-	-	-
	Other		-	-	-
	Total			$9,021,358,762	-

Comments:

Their department would like to make sure of the intended start date of this legislation because of the provision in the legislation referring to the first estimated tax payment. A calendar year 2019 franchise return would be for the period of January 1, 2019 to December 31, 2019 and would be due April 15, 2019 (assuming that date does not fall on a holiday or weekend).

Estimated payments for income tax are due prior to the due date of the return in quarterly installments. So estimated payments for a calendar year 2015 filer would be due April, June, September and December of calendar year 2015. Since taxpayers pay franchise tax ahead, the first installments under this legislation would presumably be due April 15, 2018. Estimated payments are not required for franchise, but their department requests clarification of the intended begin date of the proposed tax rate increase.

Subsection 1(6)
Franchise tax is paid ahead, so the tax year 2019 franchise return will be due the 15th day of the fourth month following the beginning of the taxable year.

There is no provision in Chapter 147 that requires estimated payments on franchise taxes. Suggest removing this statement.

Subsection 1(7)
Franchise tax returns are filed throughout the year. Their department assumes that one-half of the franchise tax revenues will be transferred to the Missouri State Road Fund monthly.

Subsection 1(8)
Same comment as in Subsection 1(7), but three-quarters of the one-half will be transferred to a dedicated fund.

The petition does not set up the fund; nor provide authorization for anyone to administer the funds and distribute the money as needed. Since this fund is for schools, their department suggests Department of Higher Education maintain the fund and be responsible for the distribution to the school districts as their department has no way of knowing which school districts have a 12% or more poverty level.

Subsection 1(9)
They assume the one-quarter of the remaining revenue will be deposited into a fund for Department of Higher Education to administer. They assume the Department of Higher Education is responsible for tracking the $48 to finance the UMKC arts campus.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they defer to the Department of Revenue for potential fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Section 147.010, RSMo, to enact a two-percent franchise tax. One-half of the proceeds will be deposited in the Missouri State Road Fund. Three-fourths of the remaining one-half will go to a dedicated fund to distribute to schools with 12% or more poverty level. One-fourth of the remaining one-half will provide revenue for the Department of Higher Education. The first $48 million of the Higher Education funding will go to help finance construction of a downtown arts campus for the University of Missouri – Kansas City with the remainder to be spent as needed with an emphasis on increasing full-time and tenured professors. This language specifies that the tax revenue will not replace the Missouri budget for elementary and secondary education or for the Department of Higher Education. It also specifies that the Department of Higher Education Budget will remain at least equal to a percent of the total budget from general revenue in future years as during 2015.

Based on franchise tax collections in CY (calendar year) 15, the last year a franchise tax was in place, gross collections were $29.9M. At a tax rate of 0.0067%, B&P (Budget and Planning) estimates that total estimates of corporations with at least $10M in assets was $446.67B. At a tax rate of 2%, this proposal would generate approximately $8.93B in new revenues once fully implemented in FY20. While the franchise tax is an annual tax, historically payments have lagged the annual due date by as much as 18 months. Therefore, B&P estimates that this proposal would increase revenues by $5.54B in FY19 and $8.93B in FY20 and thereafter.

The distribution of the tax revenue is shown below:

Fund	% deposited	FY19	FY20
State Road Fund	50.0%	$2,770,000,000	$4,466,500,000
Unspecified Dedicated Fund (for school districts with at least 12% poverty level)	37.5%	$2,077,500,000	$3,349,875,000
Unspecified Dedicated Fund (for DHE)	12.5%	$692,500,000	$1,116,625,000

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated as written, they would anticipate a negative impact to the budget. The amount of impact is zero to unknown since the amount of potential shortfall is unknown. Additionally, the Elected Officials and General Assembly budget would require funds to be appropriated to cover the potential shortfall.

Officials from the **Secretary of State's office** indicated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to their office for Administrative Rules is less than $2,500. Their office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri

Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY 2013, the appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated if this initiative petition is approved by voters and the obligations created thereby are met by the General Assembly, then there would be no fiscal impact upon their office. If this initiative petition is approved by voters, but the obligations created thereby are not met by the General Assembly, then the potential impact upon their office is virtually unlimited, and could conceivably result in the cessation of their office's operations. There is no stated limit regarding what portion of their office's budget may be used to make up for any shortfall. Further, if their office is unable to pay and employ staff, then it would be unable to perform its essential functions, such as investing the state's funds (by which Missouri derived approximately $29,600,000 in investment income in FY 2017), processing state payments ($27,300,000,000 in FY 2017), and administering Missourians' unclaimed property ($44,300,000 paid on 166,000 accounts in FY 2017), which would result in a severe, generalized impact upon the citizens of this state.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of**

Joplin, the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate initial and one-time costs of approximately $80,000, annual costs of approximately $95,000, and annual revenues of approximately $9 billion. Local governmental entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

October 13, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
OCT 13 2017
STATE AUDITORS OFFICE

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 147, version 1 (2018-296)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on October 13, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
OCT 13 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

Signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County

FUTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OR PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORG.ERY.

I am at least 18 years of age. I do___ do not___(check one) expect to be paid for circulating this petition. If paid, list the payer_____

Signature of Affiant (person obtaining signatures) _____ Street address of Affiant_____

Printed name of Affiant_____ City, State, and zip code of Affiant_____

Subscribed and sworn to me this_____ day of _____A.D._____

Signature of Notary_____ Notary Public (Seal)

Address of Notary_____ My commission expires _/_/____

Be it enacted by the people of the state of Missouri:

The annual franchise tax of Chapter 147.RSMo will be amended to be re-instated as follows with the revenue to be distributed to the Missouri Road Fund, to the higher education fund and to school districts with a 12% or more poverty level as directed by this amendment:

147.010 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state exceed two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter 351 or not, shall be subject to this section. Any corporation whose outstanding shares and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state that fact on the annual report form prescribed by the secretary of state. For all taxable years beginning on or after January 1, 2000, but ending before December 31, 2009, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do not exceed one million dollars shall state that fact on the annual report form prescribed by the director of revenue. For taxable years beginning on or after January 1, 2010, but before December 31, 2011, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars. For all taxable years beginning on or after January 1, 2010, but before December 31, 2015, any corporation whose outstanding shares and surplus do not exceed ten million dollars shall state that fact on the annual report form prescribed by the director of revenue. For all taxable years beginning on or after January 1, 2011, but before December 31, 2015, a corporation's annual tax liability under this chapter shall not exceed the amount of annual franchise tax liability of such corporation for the taxable year ending on or before December 31, 2010. If the corporation had no annual franchise tax liability under this chapter for the taxable year ending on or before December 31, 2010, because such corporation was not in existence or doing business in Missouri, the annual franchise tax for the first taxable year in which such corporation exists shall be determined by applying the applicable rate of tax provided under the provisions of this subsection to the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars, but in no case shall such corporation's tax liability for any subsequent taxable year exceed the amount of annual franchise tax liability of such corporation for the first full taxable year such corporation was in existence or doing business in Missouri. For taxable years beginning on or after January 1, 2012, the annual franchise tax shall be equal to the percentage rate prescribed in this subsection for the corresponding taxable year of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed the corresponding minimum threshold amount prescribed as follows:

(1) For tax year 2012, the rate shall be one-thirty-seventh of one percent and the threshold amount shall be ten million dollars;

(2) For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold amount shall be ten million dollars;

(3) For tax year 2014, the rate shall be one-seventy-fifth of one percent and the threshold amount shall be ten million dollars;

(4) For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the threshold amount shall be ten million dollars;

(5) For tax years beginning on or after January 1, 2016, no annual franchise tax shall be imposed under this section until the tax year of 2019.

(6) For the tax year 2019, the rate shall be one percent and the threshold amount shall be ten million dollars and shall remain at that rate unless changed through a ballot of the citizens of the state of Missouri. The first quarterly estimated payments will be due on April 15th of 2019.

(7) Half of the revenue of the annual franchise tax will go into the Missouri State Road Fund.

(8) Three quarters of the remaining revenue of the annual franchise tax will be to provide funds for the school districts with a 12% or more poverty level of the Missouri public-school system including pre-kindergarten, elementary and secondary education. The revenue generated from the franchise tax for this section will go to a dedicated fund that will be distributed to these schools with a 12% or more poverty level. The Missouri budget for elementary and secondary education will not be replaced by this bill. The elementary and secondary education budgets will remain as specified in Chapter 163. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget.

(9) One quarter of the remaining revenue of the annual franchise tax will be to provide revenue for the Department of Higher Education Budget. The Missouri budget for the Department of Higher Education will not be replaced by this bill. The Department of Higher Education Budget by the state will remain at least equal to a percent of the total budget from general revenue in future years as during the year 2015. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget. The initial revenue of $48 million from the annual franchise tax will go to help finance construction of a downtown arts campus for the University of Missouri in Kansas City. The revenue generated after this date will be allotted to the budget of the Department of Higher Education to spend as needed with an emphasis on increasing full time and tenured professors.

2. Sections 147.010 to 147.120 shall not apply to corporations not organized for profit, nor to corporations organized pursuant to the provisions of chapter 349, nor to express companies, which now pay an annual tax on their gross receipts in this state, nor to insurance companies, which are subject to an annual tax on their premium receipts in this state, nor to state, district, county, town and farmers' mutual companies now organized or that may be hereafter organized pursuant to any of the laws of this state, organized for the sole purpose of writing fire, lightning, windstorm, tornado, cyclone, hail and plate glass and mutual automobile insurance and for the purpose of paying any loss incurred by any member by assessment, nor to any mutual insurance corporation not having shares, nor to a company or association organized to transact business of life or accident insurance on the assessment plan for the purpose of mutual protection and benefit to its members and the payment of stipulated sums of moneys to the family, heirs, executors, administrators or assigns of the deceased member, nor to foreign life, fire, accident, surety, liability, steam boiler, tornado, health, or other kind of insurance company of whatever nature coming within the provisions of section 147.050 and doing business in this state, nor to savings and loan associations and domestic and foreign regulated investment companies as defined by Section 170 of the Act of Congress commonly known as the Revenue Act of 1942, nor to electric and telephone corporations organized pursuant to chapter 351 and chapter 392 prior to January 1, 1980, which have been declared tax-exempt organizations pursuant to Section 501(c) of the Internal Revenue Code of 1986, nor for taxable years beginning after December 31, 1986, to banking institutions subject to the annual franchise tax imposed by sections 148.010 to 148.110; but bank deposits shall be considered as funds of the individual depositor left for safekeeping and shall not be considered in computing the amount of tax collectible pursuant to the provisions of sections 147.010 to 147.120.

3. A corporation's taxable year for purposes of sections 147.010 to 147.120 shall be its taxable year as provided in section 143.271.

4. A corporation's transitional year for the purposes of sections 147.010 to 147.120 shall be its taxable year which includes parts of each of the years 1979 and 1980.

5. The franchise tax payable for a corporation's transitional year shall be computed by multiplying the amount otherwise due for that year by a fraction, the numerator of which is the number of months between January 1, 1980, and the end of the taxable year and the denominator of which is twelve. The franchise tax payable, if a corporation's taxable year is changed as provided in section 143.271, shall be similarly computed pursuant to regulations prescribed by the director of revenue.

6. All franchise reports and franchise taxes shall be returned to the director of revenue. All checks and drafts remitted for payment of franchise taxes shall be made payable to the director of revenue.

7. Pursuant to section 32.057, the director of revenue shall maintain the confidentiality of all franchise tax reports returned to the director.

8. The director of the department of revenue shall honor all existing agreements between taxpayers and the director of the department of revenue.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-296)

Subject

Initiative petition from Gerald Peterson regarding a proposed amendment to Chapter 147 of the Revised Statutes of Missouri. (Received October 13, 2017)

Date

November 2, 2017

Description

This proposal would amend Chapter 147 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb

the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated other than the potential impact on the revenue stream of state and local governments (which their department has no means to calculate), this proposal does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition would reinstate the annual franchise tax, one-eighth of which would go to their department. The first $48 million would be earmarked for the University of Missouri – Kansas City to construct a Downtown Campus for the Arts, and future funding would be added to MDHE's budget "to spend as needed with an emphasis on increasing full time and tenured professors."

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will have a fiscal impact on their department. Increased operating costs to all state funds would total $157,691 for fiscal year 2019, $94,218 for fiscal year 2020, and $94,990 for fiscal year 2021. Of these costs, $79,812 are initial and one-time costs in fiscal year 2019 for equipment and changes to the current computerized system. These costs will be offset by additional revenues of $4,510,758,226 each year for fiscal years 2019 through 2021.

The legislation requires corporations organized pursuant to chapter 351 or other law of the state to pay an annual franchise tax beginning in tax year 2019.

Fiscal Note	IP 18-296		RSI - DOR		
Bill Number	IP 18-296				
Will a new system be required?		_ Yes		X	No
Indicate fiscal year when fully implemented			FY	2019	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2018**	**FY 2019**	**FY 2020**
General Revenue				$4,510,758,226	-
Other			-	-	-
Federal Funds			-	-	-
Total				$4,510,758,226	-
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	140.010				
			FY 2018	FY 2019	FY 2020
MEDL	Rate	Hours	$	$	$
IT Consultants	130	504		($65,520)	-
Section Total Expenditures:			-	($65,520)	-
Section Funding:	General Revenue			$4,510,600,535	-
	Federal		-	-	-
	Other		-	-	-
	Total			$4,510,600,535	-

The legislation creates a positive impact on Total State Revenue. The legislation increases state revenues.

Section 147.010

Beginning in tax year 2019, the legislation requires corporations to pay an annual franchise tax of one percent of its outstanding shares and surplus with a threshold amount of $10.0 million. The legislation dedicates one-half of the tax to the Missouri State Road Fund. The legislation allocates three-quarters and one-quarter of the remaining revenue to school districts with a 12% or more poverty level and the Department of Higher Education, respectively.

Administrative Impact:
To implement this legislation the Department requires forms changes and programming.

Business Tax:
Business Tax requires one (1) Revenue Processing Technician I (Range 10, Step L) for every 2,600 pieces of additional correspondence and one (1) Revenue Processing Technician I (Range 10, Step L) for every 7,800 of additional errors generated.

Expenditure by Category Personnel by Position	FTEs	Annual Salary	FY 2019	FY 2020
RPT I (Range 10, Step L)	2	$27,185	$45,308	$54,914

Integrated Tax System:
If passed by voters, the Integrated Tax System incurs additional costs of $65,520 to implement the provisions of this legislation.

Fiscal Note	IP 18-296		RSI - DOR		
Bill Number	IP 18-296				
Will a new system be required?		Yes		X	No
Indicate fiscal year when fully implemented			FY	2019	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2018**	**FY 2019**	**FY 2020**
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Other			-	-	-
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IT Consultants	130	504		($65,520)	-
Section Total Expenditures:				($65,520)	-
Section Funding:	General Revenue			$4,510,600,535	-
	Federal		-	-	-
	Other		-	-	-
	Total			$4,510,600,535	

Comments:

Their department would like to make sure of the intended start date of this legislation because of the provision in the legislation referring to the first estimated tax payment. A calendar year 2019 franchise return would be for the period of January 1, 2019 to December 31, 2019 and would be due April 15, 2019 (assuming that date does not fall on a holiday or weekend).

Estimated payments for income tax are due prior to the due date of the return in quarterly installments. So estimated payments for a calendar year 2015 filer would be due April, June, September and December of calendar year 2015. Since taxpayers pay franchise tax ahead, the first installments under this legislation would presumably be due April 15, 2018. Estimated payments are not required for franchise, but their department requests clarification of the intended begin date of the proposed tax rate increase.

Subsection 1(6)
Franchise tax is paid ahead, so the tax year 2019 franchise return will be due the 15th day of the fourth month following the beginning of the taxable year.

There is no provision in Chapter 147 that requires estimated payments on franchise taxes. Suggest removing this statement.

Subsection 1(7)
Franchise tax returns are filed throughout the year. Their department assumes that one-half of the franchise tax revenues will be transferred to the Missouri State Road Fund monthly.

Subsection 1(8)
Same comment as in Subsection 1(7), but three-quarters of the one-half will be transferred to a dedicated fund.

The petition does not set up the fund; nor provide authorization for anyone to administer the funds and distribute the money as needed. Since this fund is for schools, their department suggests Department of Higher Education maintain the fund and be responsible for the distribution to the school districts as their department has no way of knowing which school districts have a 12% or more poverty level.

Subsection 1(9)
They assume the one-quarter of the remaining revenue will be deposited into a fund for Department of Higher Education to administer. They assume the Department of Higher Education is responsible for tracking the $48 to finance the UMKC arts campus.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they defer to the Department of Revenue for potential fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Section 147.010, RSMo, to enact a one-percent franchise tax. One-half of the proceeds will be deposited in the Missouri State Road Fund. Three-fourths of the remaining one-half will go to a dedicated fund to distribute to schools with 12% or more poverty level. One-fourth of the remaining one-half will provide revenue for the Department of Higher Education. The first $48 million of the Higher Education funding will go to help finance construction of a downtown arts campus for the University of Missouri – Kansas City with the remainder to be spent as needed with an emphasis on increasing full-time and tenured professors. This language specifies that the tax revenue will not replace the Missouri budget for elementary and secondary education or for the Department of Higher Education. It also specifies that the Department of Higher Education Budget will remain at least equal to a percent of the total budget from general revenue in future years as during 2015.

Based on franchise tax collections in CY (calendar year) 15, the last year a franchise tax was in place, gross collections were $29.9M. At a tax rate of 0.0067%, B&P (Budget and Planning) estimates that total estimates of corporations with at least $10M in assets was $446.67B. At a tax rate of 1%, this proposal would generate approximately $4.47B in new revenues once fully implemented in FY20. While the franchise tax is an annual tax, historically payments have lagged the annual due date by as much as 18 months. Therefore, B&P estimates that this proposal would increase revenues by $2.77B in FY19 and $4.47B in FY20 and thereafter.

The distribution of the tax revenue is shown below:

Fund	% deposited	FY19	FY20
State Road Fund	50.0%	$1,385,000,000	$2,233,500,000
Unspecified Dedicated Fund (for school districts with at least 12% poverty level)	37.5%	$1,038,750,000	$1,675,125,000
Unspecified Dedicated Fund (for DHE)	12.5%	$346,250,000	$558,375,000

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated as written, they would anticipate a negative impact to the budget. The amount of impact is zero to unknown since the amount of potential shortfall is unknown. Additionally, the Elected Officials and General Assembly budget would require funds to be appropriated to cover the potential shortfall.

Officials from the **Secretary of State's office** indicated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to their office for Administrative Rules is less than $2,500. Their office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY 2013, the appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an

estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated if this initiative petition is approved by voters and the obligations created thereby are met by the General Assembly, then there would be no fiscal impact upon their office. If this initiative petition is approved by voters, but the obligations created thereby are not met by the General Assembly, then the potential impact upon their office is virtually unlimited, and could conceivably result in the cessation of their office's operations. There is no stated limit regarding what portion of their office's budget may be used to make up for any shortfall. Further, if their office is unable to pay and employ staff, then it would be unable to perform its essential functions, such as investing the state's funds (by which Missouri derived approximately $29,600,000 in investment income in FY 2017), processing state payments ($27,300,000,000 in FY 2017), and administering Missourians' unclaimed property ($44,300,000 paid on 166,000 accounts in FY 2017), which would result in a severe, generalized impact upon the citizens of this state.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate initial and one-time costs of approximately $80,000, annual costs of approximately $95,000, and annual revenues of approximately $4.5 billion. Local governmental entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

October 13, 2017

RECEIVED
OCT 13 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 115 (2018-295)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on October 13, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
OCT 13 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

Signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County

FUTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OR PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORG.ERY.

I am at least 18 years of age. I do___ do not___(check one) expect to be paid for circulating this petition. If paid, list the payer_____

Signature of Affiant (person obtaining signatures) _____ Street address of Affiant_____

Printed name of Affiant_____ City, State, and zip code of Affiant_____

Subscribed and sworn to me this_____ day of _____A.D._____

Signature of Notary_____ Notary Public (Seal)

Address of Notary_____ My commission expires _/_/____

Be it enacted by the people of the state of Missouri:

*Chapter **115.135**, RSMo, is amended to provide automatic voter registration. Chapter 115.427. 1 will be amended to reflect changes in Chapter **115.135**, RSMo:*

115.135. 1. Any person who is qualified to vote, or who shall become qualified to vote on or before the day of election, shall be entitled to register in the jurisdiction within which he or she resides. In order to vote in any election for which registration is required, a person must be registered to vote in the jurisdiction of his or her residence no later than 5:00 p.m., or the normal closing time of any public building where the registration is being held if such time is later than 5:00 p.m., on the fourth Wednesday prior to the election, unless the voter is an interstate former resident, an intrastate new resident, a new resident, or a covered voter, as defined in section 115.275. Except as provided in subsection 4 of this section, in no case shall registration for an election extend beyond 10:00 p.m. on the fourth Wednesday prior to the election. Any person registering after such date shall be eligible to vote in subsequent elections.

2. A person applying to register with an election authority or a deputy registration official shall identify himself or herself by presenting a copy of a birth certificate, a Native American tribal document, other proof of United States citizenship, a valid Missouri drivers license or other form of personal identification at the time of registration.

3. Except as provided in federal law or federal elections and in section 115.277, no person shall be entitled to vote if the person has not registered to vote in the jurisdiction of his or her residence prior to the deadline to register to vote.

4. A covered voter as defined in section 115.275 who has been discharged from military service, has returned from a military deployment or activation, or has separated from employment outside the territorial limits of the United States after the deadline to register to vote, and who is otherwise qualified to register to vote, may register to vote in an election in person before the election authority until 5:00 p.m. on the Friday before such election. Such persons shall produce sufficient documentation showing evidence of qualifying for late registration pursuant to this section.

5. Registration at the division of motor vehicles.

(a) Every person applying at the division of motor vehicles for a driver's license or a renewal of the license, or personal identification document issued by the division of motor vehicles, and who is or may be by the next general election qualified to vote, shall be afforded the opportunity to register to vote, or if previously registered, be afforded the opportunity to change their address for voting purposes.

(b) The application to register to vote must be offered simultaneously with the application for the driver's license or renewal of it or application for a personal identification document. Division of motor vehicles employees must provide to applicants for driver's licenses, license renewal, or personal identification documents the same level of assistance and instruction with respect to the application to register to vote as is provided with respect to the application for driver's licenses, renewal of the license, or personal identification documents. The applicant shall be afforded the opportunity to decline to register to vote by failing to sign the voter registration form. If previously registered, the applicant shall be afforded the opportunity to change their address for voting purposes.

In order to protect the privacy of those who do not wish to register to vote for any reason, the failure of an applicant for a driver's license or renewal of it or a personal identification document to sign the voter registration form register to vote may not be used for any purposes other than to determine the person's voter registration status.

(c) The voter registration application shall contain the registrant's name, residence address, mailing address if different from residence address, date of birth, and registrant's signature and date of affixation of signature, and may include any other information, certifications, and declarations, including those made under the penalty of perjury, that may be required by the state board in order to administer a single and unified system of voter registration in accordance with applicable state and federal laws which shall enable duly registered voters to vote in all elections in their respective voting districts including, elections for federal officers. Declarations will include signature on a form provided by the division of motor vehicles stating under penalty of law that they are a US citizen. "Certifications may include utility bills, bank statements, rent receipts or other equivalent items to show proof of address. Applications for voter registration only will not be required to present a birth certificate or photo ID. Certifications showing place of residences are all that will be necssary. If there are doubts of citizenship, then 115.135.5 will be followed with the state utilizing 115.135.5. The department of motor vehicles or agent may not question citizenship from applicant. Any doubts will be sent to the state board of elections for a follow up investigation. The voter registration application must also include, in print identical to that used in the attestation portion of the form, the following:

(i) The penalties provided by law for submitting a false voter registration;

(ii) A statement that, if the applicant declines to register to vote, his or her decision will remain confidential and be used only for voter registration purposes; and

(iii) A statement that, if the applicant does register to vote, information regarding the office or branch of the division of motor vehicles to which the application was submitted will remain confidential, to be used only for voter registration purposes.

It shall be the responsibility of the division of motor vehicles to print and to have available at all times a sufficient number of voter registration forms and declaration of citizenship in order to carry out the provisions of this section. If the division of motor vehicles or agents fail to have the required forms, the state or its agent will personally delivery and complete the forms at the applicant's place of residence.

(d) The completed voter registration application shall be transmitted by the division of motor vehicles or agent to the central voter registration system mandated not later than the next business day after the date of acceptance by the division of motor vehicles. Transmission shall be made by electronic means as prescribed by the secretary of state, and shall be in an electronic form compatible with the voter registration system maintained by the secretary of state. For each registration electronically transmitted, a hard copy will be provided to the appropriate local board of canvassers.

(e) Any person who has fully and correctly completed an application to register to vote at the division of motor vehicles is presumed to be registered as of the date of the acceptance of the registration by the division of motor vehicles. The division of motor vehicles shall not transmit the voter registration of any applicant, who fails to certify by a declaration that they are a citizen of the United States.

(f) The state board of elections shall have the authority to adopt regulations to implement and administer the provisions of this section, including all registrations taken at the division of motor vehicles.

(g)

(1) In accordance with Section 7 of the Federal National Voter Registration Act of 5 1993, other applicable state government agencies that the secretary verifies already collect documents that would provide proof of eligibility, including age, citizenship and residence address, may follow the procedures for automatic voter registration enumerated for the division of motor vehicles as described in subsections (b) through (d) of this section.

(2) Any additional agencies that are designated for automatic registration must follow the rules and protocols established in this section for the division of motor vehicles providing a declaration of citizenship.

(3) Registration for voter registration at a division of motor vehicles without application for driver's license or ID and only for for voter registration does not require a photo. The same rules are for other applicable state government agencies. There will be no charge for the voter registration.

(4) Voter ID cards will be sent to all registered voters in an envelope marked "Do not Forward" for each election. This card will be the only ID needed to vote without any need for other identification. Receipt of this card at the voters' place of residence shall be considered proof of eligibility to vote.

(h) Effective date. The provisions of this section shall take effect thirty (30) days after the administrator of the division of motor vehicles certifies in writing to the general assembly that the Missouri motor vehicle licensing system computer system is capable of meeting the requirements set forth in this section, which references the provisions of the Federal National Voter Registration Act of 1993. The administrator of the division of motor vehicles shall consult with the secretary prior to making this determination about the computer system. All changes will be made to have in place six months before the Nov., 2020 elections.

6. Verification of Citizen Status-If the state or any voting regulatory body doubts the citizenship status of the voter applicant and is unable to verify citizenship and identity via the State Verification and Exchange System (SVES) interface with the Social Security Administration, it is then the responsibility of the applicant/recipient to provide the required verification as follows:

A. CITIZENSHIP –1. FIRST LEVEL (PRIMARY DOCUMENTATION). The following forms of documentation qualify as both proof of citizenship and identity:

(a) A U.S. Passport

• Passport does not have to be currently valid to be accepted as proof of citizenship

• Passports issued with a limitation are not considered evidence of U.S. citizenship but is considered proof of identity.

(b) A Certificate of Naturalization (Forms N-550 or N-570)

(c) A Certificate of U.S. Citizenship (Form N-560 or N-561)

(d) Applicants and recipients born outside of the United States who were not U.S. citizens at birth, must submit First Level documentation as evidence of U.S. citizenship.

(e) If the applicant/recipient does not possess any of the above forms of documentation, then documentation of both the individual's citizenship (preferably from the Secondary tier of documentation) and identity is necessary.

B. SECOND LEVEL (SECONDARY)

(a) If documentation from the First Level (Primary Documentation) of citizenship is not available, the applicant/recipient must submit both a document from one of the lower levels of citizenship documentation as well as a document from the list of acceptable forms of identity documentation.

(b). Secondary level documentation includes:

i. A U.S. Birth Certificate

ii. A Certification of Birth Issued by the Department of State (Form DS-1350)

iii. A Report of Birth Abroad of a U.S. Citizen (Form FS-240)

iv. A Certification of Birth Issued by the Department of State (Form FS-545 or DS-1350)
v. A U.S. Citizens I.D. Card (Form I-197 or prior version I-179)

vi. An American Indian Card, I-872 issued by the Department of Homeland Security with the classification code "KIC" issued to identify U.S citizen members of the Texas Band of Kickapoos living near the U.S./Mexican border

vii. Final Adoption Decree showing the child's name and U.S. birthplace

viii. Evidence of Civil Service employment by the U.S. government before June 1976

iv. An official military record of service showing a U.S. place of birth

x. A Northern Mariana Identification Card, I-873 (issued by the INS to a collectively naturalized citizen of the United States who was born in the Northern Mariana Islands before November 4,1986)

115.427. 1. Persons seeking to vote in a public election shall establish their identity and eligibility to vote at the polling place by presenting their voter ID card they received in the mail for the current election or a form of personal identification to election officials. If the voter has the voter ID card, no other form of identification will be needed. No form of personal identification other than the forms listed in this section shall be accepted to establish a voter's qualifications to vote if they do not have their voter ID card. Forms of personal identification that satisfy the requirements of this section are any one of the following:

(1) Nonexpired Missouri driver's license;

(2) Nonexpired or nonexpiring Missouri nondriver's license;

(3) A document that satisfies all of the following requirements:

(a) The document contains the name of the individual to whom the document was issued, and the name substantially conforms to the most recent signature in the individual's voter registration record;

(b) The document shows a photograph of the individual;

(c) The document includes an expiration date, and the document is not expired, or, if expired, the document expired after the date of the most recent general election; and

(d) The document was issued by the United States or the state of Missouri; or

(4) Any identification containing a photograph of the individual which is issued by the Missouri National Guard, the United States Armed Forces, or the United States Department of Veteran Affairs to a member or former member of the Missouri National Guard or the United States Armed Forces and that is not expired or does not have an expiration date.

2. (1) An individual who appears at a polling place without a form of personal identification described in subsection 1 of this section and who is otherwise qualified to vote at that polling place may execute a statement, under penalty of perjury, averring that the individual is the person listed in the precinct register; averring that the individual does not possess a form of personal identification described in subsection 1 of this section; acknowledging that the individual is eligible to receive a Missouri nondriver's license free of charge if desiring it in order to vote; and acknowledging that the

individual is required to present a form of personal identification, as described in subsection 1 of this section, in order to vote. Such statement shall be executed and sworn to before the election official receiving the statement. Upon executing such statement, the individual may cast a regular ballot, provided such individual presents one of the following forms of identification:

(a) Identification issued by the state of Missouri, an agency of the state, or a local election authority of the state;

(b) Identification issued by the United States government or agency thereof;

(c) Identification issued by an institution of higher education, including a university, college, vocational and technical school, located within the state of Missouri;

(d) A copy of a current utility bill, bank statement, government check, paycheck, or other government document that contains the name and address of the individual;

(e) Other identification approved by the secretary of state under rules promulgated pursuant to this section.

(2) For any individual who appears at a polling place without a form of personal identification described in subsection 1 of this section and who is otherwise qualified to vote at that polling place, the election authority may take a picture of such individual and keep it as part of that individual's voter registration file at the election authority.

(3) Any individual who chooses not to execute the statement described in subdivision (1) of this subsection may cast a provisional ballot. Such provisional ballot shall be counted, provided that it meets the requirements of subsection 4 of this section.

(4) For the purposes of this section, the term "election official" shall include any person working under the authority of the election authority.

3. The statement to be used for voting under subdivision (1) of subsection 2 of this section shall be substantially in the following form:

"State of .....

County of .....

I do solemnly swear (or affirm) that my name is .....; that I reside at .....; that I am the person listed in the precinct register under this name and at this address; and that, under penalty of perjury, I do not possess a form of personal identification approved for voting. As a person who does not possess a form of personal identification approved for voting, I acknowledge that I am eligible to receive free of charge a Missouri nondriver's license at any fee office if desiring it in order to vote. I furthermore acknowledge that I am required to present a form of personal identification, as prescribed by law, in order to vote.

I understand that knowingly providing false information is a violation of law and subjects me to possible criminal prosecution.

.....

Signature of voter

Subscribed and affirmed before me this ..... day of ....., 20....

.....

Signature of election official"

4. A voter shall be allowed to cast a provisional ballot under section 115.430 even if the election judges cannot establish the voter's identity under this section. The election judges shall make a notation on the provisional ballot envelope to indicate that the voter's identity was not verified. The provisional ballot cast by such voter shall not be counted unless:

(1) (a) The voter returns to the polling place during the uniform polling hours established by section 115.407 and provides a form of personal identification that allows the election judges to verify the voter's identity as provided in subsection 1 of this section; or

(b) The election authority verifies the identity of the individual by comparing that individual's signature to the signature on file with the election authority and determines that the individual was eligible to cast a ballot at the polling place where the ballot was cast; and

(2) The provisional ballot otherwise qualifies to be counted under section 115.430.

5. The secretary of state shall provide advance notice of the personal identification requirements of subsection 1 of this section in a manner calculated to inform the public generally of the requirement for forms of personal identification as provided in this section. Such advance notice shall include, at a minimum, the use of advertisements and public service announcements in print, broadcast television, radio, and cable television media, as well as the posting of information on the opening pages of the official state internet websites of the secretary of state and governor.

6. (1) Notwithstanding the provisions of section 136.055 and section 302.181 to the contrary, the state and all fee offices shall provide one nondriver's license at no cost to any otherwise qualified voter who does not already possess such identification and who desires the identification in order to vote.

(2) This state and its agencies shall provide one copy of each of the following, free of charge, if needed by an individual seeking to obtain a form of personal identification described in subsection 1 of this section in order to vote:

(a) A birth certificate;

(b) A marriage license or certificate;

(c) A divorce decree;

(d) A certificate of decree of adoption;

(e) A court order changing the person's name;

(f) A Social Security card reflecting an updated name; and

(g) Naturalization papers or other documents from the United States Department of State proving citizenship.

Any individual seeking one of the above documents in order to obtain a form of personal identification described in subsection 1 of this section in order to vote may request the secretary of state to facilitate the acquisition of such documents. The secretary of state shall pay any fee or fees charged by another state or its agencies, or any court of competent jurisdiction in this state or any other state, or the federal government or its agencies, in order to obtain any of the above documents from such state or the federal government.

(3) All costs associated with the implementation of this section shall be reimbursed from the general revenue of this state by an appropriation for that purpose. If there is not a sufficient appropriation of state funds, then the personal identification requirements of subsection 1 of this section shall not be enforced.

(4) Any applicant who requests a nondriver's license for the purpose of voting shall not be required to pay a fee if the applicant executes a statement, under penalty of perjury, averring that the applicant does not have any other form of personal identification that meets the requirements of this section. The state of Missouri shall pay the legally required fees for any such applicant. The director of the department of revenue shall design a statement to be used for this purpose. The total cost associated with nondriver's license photo identification under this subsection shall be borne by the state of Missouri from funds appropriated to the department of revenue for that specific purpose. The department of revenue and a local election authority may enter into a contract that allows the local election authority to assist the department in issuing nondriver's license photo identifications.

7. The director of the department of revenue shall, by January first of each year, prepare and deliver to each member of the general assembly a report documenting the number of individuals who have requested and received a nondriver's license photo identification for the purposes of voting under this section. The report shall also include the number of persons requesting a nondriver's license for purposes of voting under this section, but not receiving such license, and the reason for the denial of the nondriver's license.

8. The precinct register shall serve as the voter identification certificate. The following form shall be printed at the top of each page of the precinct register:

VOTER'S IDENTIFICATION CERTIFICATE

Warning: It is against the law for anyone to vote, or attempt to vote, without having a lawful right to vote.

PRECINCT

WARD OR TOWNSHIP .....

GENERAL (SPECIAL, PRIMARY) ELECTION

Held ....., 20....

Date

I hereby certify that I am qualified to vote at this election by signing my name and verifying my address by signing my initials next to my address.

9. The secretary of state shall promulgate rules to effectuate the provisions of this section.

10. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2002, shall be invalid and void.

11. If any voter is unable to sign his name at the appropriate place on the certificate or computer printout, an election judge shall print the name and address of the voter in the appropriate place on the precinct register, the voter shall make his mark in lieu of signature, and the voter's mark shall be witnessed by the signature of an election judge.

12. This section shall become effective only upon the passage and approval by the voters of a constitutional amendment submitted to them by the general assembly regarding the authorization of photo identification requirements for elections by general law. If such constitutional amendment is approved by the voters, this section shall become effective June 1, 2017.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-295)

Subject

Initiative petition from Gerald Peterson regarding a proposed amendment to Chapter 115 of the Revised Statutes of Missouri. (Received October 13, 2017)

Date

November 2, 2017

Description

This proposal would amend Chapter 115 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Kay Brown, Christian County Clerk provided information for this proposal to the State Auditor's office.

Rick Watson, Henry County Clerk provided information for this proposal to the State Auditor's office.

Gary Emerson, Lawrence County Clerk provided information for this proposal to the State Auditor's office.

Stan Whitehurst, Webster County Clerk provided information for this proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will result in increased operating cost of $16,275 in fiscal year 2019. This proposal will affect the Secretary of State, county election authorities, and the Office of Administration - ITSD.

Fiscal Note	IP 18-295		ITSD - DOR		
Bill Number	IP 18-295				
Will a new system be required?			Yes	X	No
Indicate fiscal year when fully implemented			FY	2019	

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	**FY 2018**	**FY 2019**	**FY 2020**
General Revenue		7,938	-
Other	-	-	-
Federal Funds	-	-	-
Total		7,938	-

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 115.135

			FY 2018	FY 2019	FY 2020
MEDL	Rate	Hours	$	$	$
IT Consultants	75	105.84		7,938	-
Section Total Expenditures:				7,938	-
Section Funding:	General Revenue			7,938	-
	Federal		-	-	-
	Other		-	-	-
	Total			7,938	-

§115.135.5

The proposed legislation would require the division of motor vehicles or agent to transmit the completed voter registration application to the central voter registration system mandated no later than the next business day after the date of acceptance by the division of motor vehicles.

Their department assumes they will provide a regularly scheduled file of all driver license, nondriver license and permit applicants who meet the minimum age criteria and who, based on application data entered, have submitted documents verifying United States citizenship. This file would include applicants who responded that they are currently registered, applicants that are not registered and do not want to register, and applicants who completed the voter registration application at the time of license or permit application.

Their department would be required to:

- Coordinate with the Secretary of State to develop requirements for the data and signature file specifications and file submission schedule;
- OA-ITSD must develop a data pull process for defining records for submission to Secretary of State;
- OA-ITSD must develop a secure process for tying the required signature file to the data file for submission to the Secretary of State;
- Test the file generation and transfer process to ensure all required data elements and signatures transmit correctly; and
- Develop website information to link inquirers to the Secretary of State for information regarding the new automatic voter registration and provisions for declining automatic voter registration.

Administrative Impact

PSB FY 2019

Update Webpage - Administrative Analyst III 10 hrs. @ $22.59 = $ 226

DLB FY 2019

Requirements development and testing:

Administrative Analyst II –	160 hrs. @ $19.43 per hr. =	$3,109
Management Analyst Spec. II –	160 hrs. @ $23.61 per hr. =	$3,778
Revenue Band Manager Band II --	40 hrs. @ $30.59 per hr. =	$1,224
		Total = $8,337

OA-ITSD Impact

Fiscal Note	IP 18-295		ITSD - DOR	
Bill Number	IP 18-295			
Will a new system be required?		Yes	X	No
Indicate fiscal year when fully implemented			FY 2019	

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2018	FY 2019	FY 2020
General Revenue		7,938	-
Other	-	-	-
Federal Funds	-	-	-
Total		7,938	-

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 115.135

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IT Consultants	75	105.84		7,938	-
Section Total Expenditures:				7,938	-
Section Funding:	General Revenue			7,938	-
	Federal		-	-	-
	Other		-	-	-
	Total			7,938	-

Technical errors:

§115.135.5(c)

This section has the following technical errors:

- "If the division of motor vehicles or agents fail to have the required forms, the state or its agent will personally **delivery…"** This sentence should read, "If the division of motor vehicles or agents fail to have the required forms, the state or its agent will personally **deliver…";** and

- **“**Certifications showing place of residences are all that will be **necssary**.” This sentence should read, “Certifications showing place of residences are all that will be **necessary**.”

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they defer to the Department of Revenue for fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Sections 115.135 and 115.427, RSMo, to allow people applying for or renewing a driver's license to register to vote or change their address for voting purposes. If the Division of Motor Vehicles (MV) employee has doubts on citizenship, those registrations will be sent to the state board of elections for a follow-up investigation. MV must print and have available voter registration forms and declaration of citizenship. MV must electronically send the completed forms (in a format compatible with the SOS’s voter registration system) the next business day to the central voter registration system. For each electronic submission, a hard copy will be provided to the appropriate local board of canvassers. All changes must be in place six months before the November 2020 elections.

In addition, other applicable state agencies that would provide proof of eligibility, including age, citizenship, and residence address, will follow the procedures for automatic voter registration. There will be no charge for voter registration. Voter ID cards will be sent to all registered voters for each election. It is not clear who will mail these Voter ID cards for each election but for the purposes of this response, Budget and Planning assumes it would be the Department of Revenue's responsibility. Any additional agencies designated for automatic registration must follow these same rules.

There would appear to be personnel and programming costs associated with this proposal. Budget and Planning defers to the Department of Revenue for those costs.

This should not impact the Office of Administration.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact to their office.

Officials from the **Secretary of State's office** indicated this petition requires completed voter registration applications to be transmitted electronically to their office in a format compatible to their voter registration system. To coordinate the DMV's system with the Missouri Centralized Voter Registration system would require a one-time expense of up to $1,000,000 for programming resources. Depending on the timeline of implementation, this cost may be incurred in either FY19 or FY20.

FY19 or 20: GR $1,000,000

Many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to their office for Administrative Rules is less than $2,500. Their office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated

appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact upon their office.

Officials from **Adair Coun**ty indicated the cost to their county, for postage only, would be approximately $6,500 per election. There would also be supply costs as well as staff hours to be considered.

Officials from **Cole Coun**ty indicated it would be an unnecessary burden, financially and labor intensive if this petition would pass. If they are required to send out a new voter ID card before every Election it would cost their county $90,000 for year 2018, having three Elections.

Officials from **Greene Coun**ty indicated that due to the ambiguity of the details, lack of specifics as to implementation and incongruent direction within the language of this proposition, it is not feasible to determine with any degree of specificity if there are any estimated costs or savings to report from their county for this petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **Metropolitan Community College** indicated no fiscal impact for their college.

Officials from the **University of Missouri** indicated this response is provided on behalf of the University of Missouri System. As outlined in the draft, there is no significant measurable fiscal impact on their university.

Officials from the **Platte County Board of Elections** indicated they anticipate a cost of $23,300 per election from the purchase and mailing of voter identification cards.

Kay Brown, Christian County Clerk provided information for this proposal to the State Auditor's office. For their county, the cost would be approximately $ 25,000.00 prior to each election. This cost does not reflect the additional staffing needed to process all the return mail. For the 2018 Election year the cost would be approximately $ 75,000.00 and does not include the extra cost for additional staffing to process the mail. Who would be responsible to pay the cost of this mailing? Now the Photo Id Law requires all voters have a Missouri picture identification provided by the Missouri Department of Revenue. So this voter card no longer has the importance it once held as the preferred form of identification to be used at the polls. This would be an extremely costly process and a waste of taxpayer dollars.

Rick Watson, Henry County Clerk provided information for this proposal to the State Auditor's office. County officials estimate that it would cost $8,000 per election, to send out voter verification cards, prior to each election.

Gary Emerson, Lawrence County Clerk provided information for this proposal to the State Auditor's office. The proposed changes to Chapter 115 in this petition will cost the county approximately $12,000 per election. This would result in a $36,000 to $48,000 increase in the costs of election in their county each year.

Stan Whitehurst, Webster County Clerk provided information for this proposal to the State Auditor's office. In the county, county officials estimate this proposal would cost in excess of $12,000 for every election. Due to variation in the number of elections each year, the annual cost could range from $24,000 to $60,000 per year.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Boone County, Callaway County, Cass County, Clay County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governmental entities estimate no savings from this proposal. State governmental entities estimate one-time costs of up to $1 million. Local election authorities are estimated to have additional costs ranging from $6,500 to $30,000 per election.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

October 11, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Brian Hagg regarding a proposed statutory amendment to Chapters 218, 544 & 557 (2018-294)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Brian Hagg on October 11, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
OCT 11 2017
MO. SECRETARY OF STATE

Initiative petition for law or constitutional amendment, form—clerical and technical errors to be disregarded, penalties for false signature.—The following shall be substantially the form of each page of each petition for any law or amendment to the Constitution of the state of Missouri proposed by the initiative: County ..... Page No. ..... It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION To the Honorable ....., Secretary of State for the state of Missouri: We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the ..... day of ....., ..., and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title) ..... CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF ..... I, ..., being first duly sworn.

NAME SIGNED	DATE	REGISTERED VOTING ADDRESS	ZIP CODE	CONGR. DIST.	NAME Printed

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition. If paid, list the payer .... Signature of Affiant (Person obtaining signatures) ..... (Printed Name of Affiant) ..... Address of Affiant Subscribed and sworn to before me this ..... day of ....., A.D. .... Signature of Notary ..... Address of Notary Notary Public (Seal) My commission expires ..... If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors.

Chapter 217 Department of Corrections

DEPARTMENT, ORGANIZATION, POWERS AND RESPONSIBILITIES

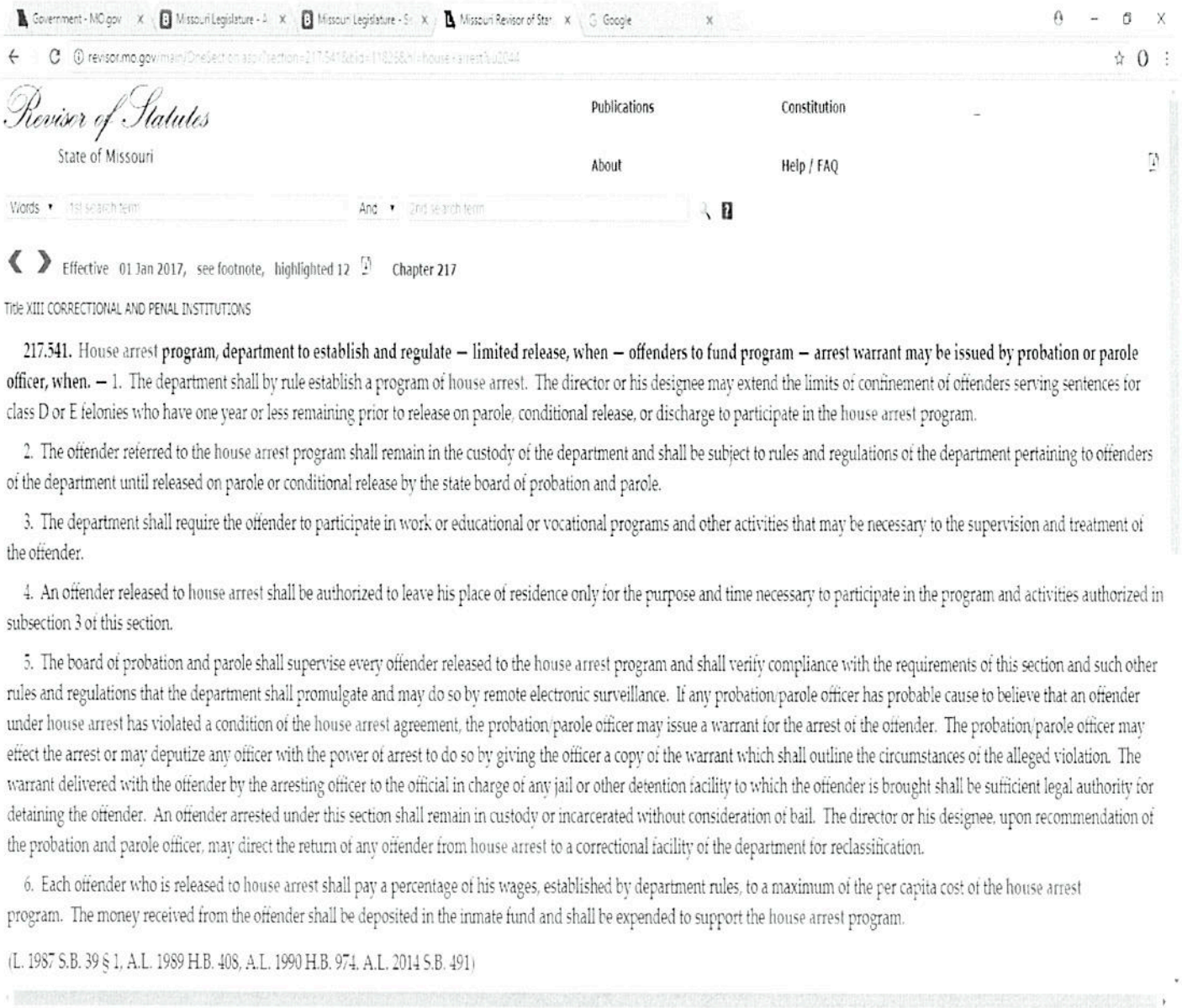
HOUSE ARREST PROGRAM

217.541 House arrest program, department to establish and regulate — limited release, when — offenders to fund program — arrest warrant may be issued by probation or parole officer, when. (1/1/2017)

217.542 Failure to return to house arrest, felony. (1/1/2017)

217.543 House arrest authorized for certain prisoners — jailer to establish program — remote electronic surveillance allowed — percentage of prisoner's wage to pay cost — violation penalty — (St. Louis City). (1/1/2017)

Missouri Statute 217.541 House arrest program, department to establish and regulate — limited release, when — offenders to fund program — arrest warrant may be issued by probation or parole officer, when.



Revisor of Statutes

State of Missouri

Publications Constitution

About Help / FAQ

Words 1st search term And 2nd search term

Effective 01 Jan 2017, see footnote, highlighted 12 Chapter 217

Title XIII CORRECTIONAL AND PENAL INSTITUTIONS

217.541. House arrest program, department to establish and regulate – limited release, when – offenders to fund program – arrest warrant may be issued by probation or parole officer, when. – 1. The department shall by rule establish a program of house arrest. The director or his designee may extend the limits of confinement of offenders serving sentences for class D or E felonies who have one year or less remaining prior to release on parole, conditional release, or discharge to participate in the house arrest program.

2. The offender referred to the house arrest program shall remain in the custody of the department and shall be subject to rules and regulations of the department pertaining to offenders of the department until released on parole or conditional release by the state board of probation and parole.

3. The department shall require the offender to participate in work or educational or vocational programs and other activities that may be necessary to the supervision and treatment of the offender.

4. An offender released to house arrest shall be authorized to leave his place of residence only for the purpose and time necessary to participate in the program and activities authorized in subsection 3 of this section.

5. The board of probation and parole shall supervise every offender released to the house arrest program and shall verify compliance with the requirements of this section and such other rules and regulations that the department shall promulgate and may do so by remote electronic surveillance. If any probation/parole officer has probable cause to believe that an offender under house arrest has violated a condition of the house arrest agreement, the probation/parole officer may issue a warrant for the arrest of the offender. The probation/parole officer may effect the arrest or may deputize any officer with the power of arrest to do so by giving the officer a copy of the warrant which shall outline the circumstances of the alleged violation. The warrant delivered with the offender by the arresting officer to the official in charge of any jail or other detention facility to which the offender is brought shall be sufficient legal authority for detaining the offender. An offender arrested under this section shall remain in custody or incarcerated without consideration of bail. The director or his designee, upon recommendation of the probation and parole officer, may direct the return of any offender from house arrest to a correctional facility of the department for reclassification.

6. Each offender who is released to house arrest shall pay a percentage of his wages, established by department rules, to a maximum of the per capita cost of the house arrest program. The money received from the offender shall be deposited in the inmate fund and shall be expended to support the house arrest program.

(L. 1987 S.B. 39 § 1, A.L. 1989 H.B. 408, A.L. 1990 H.B. 974, A.L. 2014 S.B. 491)

Missouri Statute 217.542 Failure to return to house arrest, felony. (1/1/2017)

Effective 01 Jan 2017, see footnote, highlighted 4 Chapter 217

Title XIII CORRECTIONAL AND PENAL INSTITUTIONS

217.542. Failure to return to house arrest, felony. — 1. An offender of the department released to the house arrest program commits the crime of failure to return to house arrest if he or she purposely fails to return to his or her place of residence or activity authorized by subsection 3 of section 217.541 when he or she is required to do so.

2. Failure to return to house arrest is a class E felony.

(L. 1987 S.B. 39 § 2, A.L. 1989 H.B. 408, A.L. 2014 S.B. 491)

Effective 1-01-17

< end of effective 01 Jan 2017 >

use this link to bookmark section 217.542

- All entries

Effective End

217.543 House arrest authorized for certain prisoners — jailer to establish program — remote electronic surveillance allowed — percentage of prisoner's wage to pay cost — violation penalty — (St. Louis City). (1/1/2017)

Effective 01 Jan 2017, see footnote, highlighted 10 Chapter 217

Title XIII CORRECTIONAL AND PENAL INSTITUTIONS

217.543. House arrest authorized for certain prisoners — jailer to establish program — remote electronic surveillance allowed — percentage of prisoner's wage to pay cost — violation penalty — (St. Louis City). — 1. The jailer of any city not within a county having custody of pretrial detainees or persons serving sentences for violation of state or local laws may establish a program of house arrest consistent with the provisions of this section.

2. Such jailer shall by rule establish a program of house arrest. Such jailer may extend the limits of confinement for pretrial detainees or persons serving sentences for violation of state or local laws.

3. The inmate or detainee shall remain an inmate of such jailer and shall be subject to the rules and regulations of the house arrest program.

4. Such jailer shall require the inmate or detainee to participate in work or educational or vocational programs and other activities that may be necessary to the supervision and treatment of the inmate or detainee.

5. An inmate or detainee released to house arrest shall be authorized to leave his or her place of residence only for the purpose and time necessary to participate in the programs and activities authorized.

6. Such jailer shall supervise every inmate or detainee released to the house arrest program and shall verify compliance with the requirements set forth for each person so released and such other rules and regulations that such jailer shall promulgate, and may do so by remote electronic surveillance. Such jailer may direct to any peace officer the return of any inmate or detainee from house arrest for violation of the conditions of release.

7. Each inmate or detainee who is released on house arrest shall pay a percentage of his or her wages to cover the costs of house arrest, such amount to be established by the jailer.

8. An inmate released to the house arrest program pursuant to this section commits the crime of escape from custody if such inmate purposely fails to return to his or her place of residence or activity as established by the jailer when he or she is required to do so. Escape from custody is a class E felony.

(L. 1991 H.B. 566, A.L. 2014 S.B. 491)

Title XXXVIII CRIMES AND PUNISHMENT; PEACE OFFICERS AND PUBLIC DEFENDERS
Chapter 557 General Sentencing Provisions
Missouri Statute 557.011 Authorized dispositions. (8/28/2013

Title XXXVIII CRIMES AND PUNISHMENT; PEACE OFFICERS AND PUBLIC DEFENDERS

557.011. Authorized dispositions. – 1. Every person found guilty of an offense shall be dealt with by the court in accordance with the provisions of this chapter, except that for offenses defined outside this code and not repealed, the term of imprisonment or the fine that may be imposed is that provided in the statute defining the offense; however, the conditional release term of any sentence of a term of years shall be determined as provided in subsection 4 of section 558.011.

2. Whenever any person has been found guilty of a felony or a misdemeanor the court shall make one or more of the following dispositions of the offender in any appropriate combination. The court may:

(1) Sentence the person to a term of imprisonment as authorized by chapter 558;

(2) Sentence the person to pay a fine as authorized by chapter 560;

(3) Suspend the imposition of sentence, with or without placing the person on probation;

(4) Pronounce sentence and suspend its execution, placing the person on probation;

(5) Impose a period of detention as a condition of probation, as authorized by section 559.026.

3. Whenever any person has been found guilty of an infraction, the court shall make one or more of the following dispositions of the offender in any appropriate combination. The court may:

(1) Sentence the person to pay a fine as authorized by chapter 560;

(2) Suspend the imposition of sentence, with or without placing the person on probation;

(3) Pronounce sentence and suspend its execution, placing the person on probation.

4. Whenever any organization has been found guilty of an offense, the court shall make one or more of the following dispositions of the organization in any appropriate combination. The court may:

(1) Sentence the organization to pay a fine as authorized by chapter 560;

(2) Suspend the imposition of sentence, with or without placing the organization on probation;

(3) Pronounce sentence and suspend its execution, placing the organization on probation;

(4) Impose any special sentence or sanction authorized by law.

5. This chapter shall not be construed to deprive the court of any authority conferred by law to decree a forfeiture of property, suspend or cancel a license, remove a person from office, or impose any other civil penalty. An appropriate order exercising such authority may be included as part of any sentence.

6. In the event a sentence of confinement is ordered executed, a court may order that an individual serve all or any portion of such sentence on electronic monitoring; except that all costs associated with the electronic monitoring shall be charged to the person on house arrest. If the judge finds the person unable to afford the costs associated with electronic monitoring, the judge may order that the person be placed on house arrest with electronic monitoring if the county commission agrees to pay the costs of such monitoring. If the person on house arrest is unable to afford the costs associated with electronic monitoring and the county commission does not agree to pay from the general revenue of the county the costs of such electronic monitoring, the judge shall not order that the person be placed on house arrest with electronic monitoring.

[Missouri Statute **217.541. House arrest program**, department to establish and regulate — limited release, when — offenders to fund program — arrest warrant may be issued by probation or parole officer, when. — 1. **The department shall by rule establish a program of house arrest. The director or his designee may extend the limits of confinement of offenders serving sentences for class D or E felonies who have one year or less remaining prior to release on parole, conditional release, or discharge to participate in the house arrest program**.

2. The offender referred to the house arrest program shall remain in the custody of the department and shall be subject to rules and regulations of the department pertaining to offenders of the department until released on parole or conditional release by the state board of probation and parole.

3. The department shall require the offender to participate in work or educational or vocational programs and other activities that may be necessary to the supervision and treatment of the offender.

4. An offender released to house arrest shall be authorized to leave his place of residence only for the purpose and time necessary to participate in the program and activities authorized in subsection 3 of this section.

5. The board of probation and parole shall supervise every offender released to the house arrest program and shall verify compliance with the requirements of this section and such other rules and regulations that the department shall promulgate and may do so by remote electronic surveillance. If any probation/parole officer has probable cause to believe that an offender under house arrest has violated a condition of the house arrest agreement, the probation/parole officer may issue a warrant for the arrest of the offender. The probation/parole officer may effect the arrest or may deputize any officer with the power of arrest to do so by giving the officer a copy of the warrant which shall outline the circumstances of the alleged violation. The warrant delivered with the offender by the arresting officer to the official in charge of any jail or other detention facility to which the offender is brought shall be sufficient legal authority for detaining the offender. An offender arrested under this section shall remain in custody or incarcerated without consideration of bail. The director or his designee, upon recommendation of the probation and parole officer, may direct the return of any offender from house arrest to a correctional facility of the department for reclassification.

6. **Each offender who is released to house arrest shall pay a percentage of his wages, established by department rules, to a maximum of the per capita cost of the house arrest program. The money received from the offender shall be deposited in the inmate fund and shall be expended to support the house arrest program.]**

[Missouri Statute **217.542. Failure to return to house arrest, felony. — 1. An offender of the department released to the house arrest program commits the crime of failure to return to house arrest if he or she purposely fails to return to his or her place of residence or activity authorized by subsection 3 of section 217.541 when he or she is required to do so. 2. Failure to return to house arrest is a class E felony.]**

[Missouri Statute **217.543. House arrest authorized for certain prisoners — jailer to establish program — remote electronic surveillance allowed — percentage of prisoner's wage to pay cost — violation penalty — (St. Louis City). — 1. The jailer of any city not within a county having custody of pretrial detainees or persons serving sentences for violation of state or local laws may establish a program of house arrest consistent with the provisions of this section.**

2. Such jailer shall by rule establish a program of house arrest. Such jailer may extend the limits of confinement for pretrial detainees or persons serving sentences for violation of state or local laws.

3. The inmate or detainee shall remain an inmate of such jailer and shall be subject to the rules and regulations of the house arrest program.

4. Such jailer shall require the inmate or detainee to participate in work or educational or vocational programs and other activities that may be necessary to the supervision and treatment of the inmate or detainee.

5. An inmate or detainee released to house arrest shall be authorized to leave his or her place of residence only for the purpose and time necessary to participate in the programs and activities authorized.

6. Such jailer shall supervise every inmate or detainee released to the house arrest program and shall verify compliance with the requirements set forth for each person so released and such other rules and regulations that such jailer shall promulgate, and may do so by remote electronic surveillance. Such jailer may direct to any peace officer the return of any inmate or detainee from house arrest for violation of the conditions of release.

7. Each inmate or detainee who is released on house arrest shall pay a percentage of his or her wages to cover the costs of house arrest, such amount to be established by the jailer.

8. An inmate released to the house arrest program pursuant to this section commits the crime of escape from custody if such inmate purposely fails to return to his or her place of residence or activity as established by the jailer when he or she is required to do so. Escape from custody is a class E felony.]

Missouri Statute **557.011. Authorized dispositions. — 1. Every person found guilty of an offense shall be dealt with by the court in accordance with the provisions of this chapter,** except that for offenses defined outside this code and not repealed, **the term of imprisonment or the fine that may be imposed is that provided in the statute defining the offense**; however, the conditional release term of any sentence of a term of years shall be determined as provided in subsection 4 of section 558.011.

2. Whenever any person has been found guilty of a felony or a misdemeanor the court shall make one or more of the following dispositions of the offender in any appropriate combination. The court may:

(1) Sentence the person to a term of imprisonment as authorized by chapter 558;

(2) Sentence the person to pay a fine as authorized by chapter [560;] 558.002 RSMo unlawful & unconstitutional another INITIATIVE PETITION.

(3) Suspend the imposition of sentence, with or without placing the person on probation;

(4) Pronounce sentence and suspend its execution, placing the person on probation;

(5) Impose a period of detention as a condition of probation, as authorized by section [559.026.] unlawful & unconstitutional another INITIATIVE PETITION.

3. Whenever any person has been found guilty of an infraction, the court shall make one or more of the following dispositions of the offender in any appropriate combination. The court may:

(1) Sentence the person to pay a fine as authorized by chapter [560]; 558.002 RSMo unlawful & unconstitutional another INITIATIVE PETITION.

(2) Suspend the imposition of sentence, with or without placing the person on probation;

(3) Pronounce sentence and suspend its execution, placing the person on probation.

4. Whenever any organization has been found guilty of an offense, the court shall make one or more of the following dispositions of the organization in any appropriate combination. The court may:

(1) Sentence the organization to pay a fine as authorized by chapter [560]; 558.002 RSMo unlawful & unconstitutional another INITIATIVE PETITION.

(2) Suspend the imposition of sentence, with or without placing the organization on probation;

(3) Pronounce sentence and suspend its execution, placing the organization on probation;

(4) Impose any special sentence or sanction authorized by law.

5. This chapter shall not be construed to deprive the court of any authority conferred by law to decree a forfeiture of property, suspend or cancel a license, remove a person from office, or impose any other civil penalty. An appropriate order exercising such authority may be included as part of any sentence.

[6. **In the event a sentence of confinement is ordered executed, a court may order that an individual serve all or any portion of such sentence on electronic monitoring; except that all costs associated with the electronic monitoring shall be charged to the person on house arrest.** If the judge finds the person unable to afford the costs associated with electronic monitoring, the judge may order that the person be placed **on house arrest with electronic monitoring if the county commission agrees to pay the costs of such monitoring.** If the person on house arrest is unable to afford the costs associated with electronic monitoring and the county commission does not agree to pay from the general revenue of the county the costs of such electronic monitoring, **the judge shall not order that the person be placed on house arrest with electronic monitoring.]**

A.L. 2011 H.B. 111, A.L. 2013 H.B. 215 merged with H.B. 374 & 434 merged with S.B. 327) Missouri Statute **217.541, 217.542, 217.543, did not have a court or jury as the statutes say who is in charge of house arrest and electronic monitoring, which came about in 2014 with S.B. 491,** Missouri Statute **557.011 on house arrest with electronic monitoring tell 2013 A.L. 2011 H.B. 111, A.L. 2013 H.B. 215 merged with H.B. 374 & 434 merged with S.B. 327) It violates the Missouri Constitution Bill of Rights Article I Section 10 That no person shall be deprived of life, liberty or property without due process of law. Section 14. That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay.**

Violates the United States Constitutional **Amendment VIII Excessive bail shall not be required, nor excessive fines imposed,** nor cruel and unusual punishments inflicted. Also **Amendment XIVSection 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.**

Here is where the violation of due process rights and equal protection under the law for persons charged with a bailable offence, are treated the same as persons found guilty in Missouri Statute 544.455 as stated below…

[Missouri Statute **544.455. Release of person charged, when — conditions which may be imposed. — 1. Any person charged with a bailable offense, at his or her appearance before an associate circuit judge or judge may be ordered released pending trial, appeal, or other stage of the proceedings against him on his personal recognizance, unless the associate circuit judge or judge determines, in the exercise of his discretion, that such a release will not reasonably assure the appearance of the person as required. When such a determination is made, the associate circuit judge or judge may either in lieu of or in addition to the above methods of release, impose any or any combination of the following conditions of release which will reasonably assure the appearance of the person for trial:**

(1) Place the person in the custody of a designated person or organization agreeing to supervise him;

(2) Place restriction on the travel, association, or place of abode of the person during the period of release;

(3) Require the execution of a bail bond with sufficient solvent sureties, or the deposit of cash in lieu thereof;

(4) Require the person to report regularly to some officer of the court, or peace officer, in such manner as the associate circuit judge or judge directs;

(5) Require the execution of a bond in a given sum and the deposit in the registry of the court of ten percent, or such lesser percent as the judge directs, of the sum in cash or negotiable bonds of the United States or of the state of Missouri or any political subdivision thereof;

(6) **Place the person on house arrest with electronic monitoring; except that all costs associated with the electronic monitoring shall be charged to the person on house arrest.** If the judge finds the person unable to afford the costs associated with electronic monitoring, **the judge may order that the person be placed on house arrest with electronic monitoring if the county commission agrees to pay from the general revenue of the county the costs of such monitoring**. If the person on house arrest is unable to afford the costs associated with electronic monitoring and the county commission does not agree to pay the costs of such electronic monitoring, **the judge shall not order that the person be placed on house arrest with electronic monitoring;**

(7) Impose any other condition deemed reasonably necessary to assure appearance as required, including a condition requiring that the person return to custody after specified hours.

2. In determining which conditions of release will reasonably assure appearance, the associate circuit judge or judge shall, on the basis of available information, take into account the nature and circumstances of the offense charged, the weight of the evidence against the accused, the accused's family ties, employment, financial resources, character and mental condition, the length of his residence in the community, his record of convictions, and his record of appearance at court proceedings or flight to avoid prosecution or failure to appear at court proceedings.

3. An associate circuit judge or judge authorizing the release of a person under this section shall issue an appropriate order containing a statement of the conditions imposed, if

any, shall inform such person of the penalties applicable to violations of the conditions of his release and shall advise him that a warrant for his arrest will be issued immediately upon any such violation.

4. A person for whom conditions of release are imposed and who after twenty-four hours from the time of the release hearing continues to be detained as a result of his inability to meet the conditions of release, shall, upon application, be entitled to have the condition reviewed by the associate circuit judge or judge who imposed them. The motion shall be determined promptly.

5. An associate circuit judge or judge ordering the release of a person on any condition specified in this section may at any time amend his order to impose additional or different conditions of release; except that, if the imposition of such additional or different conditions results in the detention of the person as a result of his inability to meet such conditions or in the release of the person on a condition requiring him to return to custody after specified hours, the provisions of subsection 4 of this section shall apply.

6. Information stated in, or offered in connection with, any order entered pursuant to this section need not conform to the rules pertaining to the admissibility of evidence in a court of law.

7. Nothing contained in this section shall be construed to prevent the disposition of any case or class of cases by forfeiture of collateral security where such disposition is authorized by the court.

8. Persons charged with violations of municipal ordinances may be released by a municipal judge or other judge who hears and determines municipal ordinance violation cases of the municipality involved under the same conditions and in the same manner as provided in this section for release by an associate circuit judge.

9. A circuit court may adopt a local rule authorizing the pretrial release on electronic monitoring pursuant to subdivision (6) of subsection 1 of this section in lieu of incarceration of individuals charged with offenses specifically identified therein.]
A.L. 2011 H.B. 111, A.L. 2013 H.B. 215 merged with H.B. 374 & 434 merged with S.B. 327)

Missouri Statute **544.455 did not have house arrest with electronic monitoring; tell the above House and Senate bills passed in 2013.** Missouri Statute 544.455. **does not state who is in charge of house arrest persons nor where the money from house arrest with electronic monitoring; goes to. Somehow the money from Missouri Statute 544.455 from house arrest with electronic monitoring goes to private bail/bond companies, NO statement in the statute. It violates the Missouri Constitution Bill of Rights Article I Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design. Section 10. That no person shall be deprived of life, liberty or property without due process of law. Section 14. That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay. Section 15. That the people shall be secure in their persons, papers, homes, effects, and electronic communications and data, from unreasonable searches and seizures; and no warrant to**

search any place, or seize any person or thing, or access electronic data or communication, shall issue without describing the place to be searched, or the person or thing to be seized, or the data or communication to be accessed, as nearly as may be; nor without probable cause, supported by written oath or affirmation. Section 19. That no person shall be compelled to testify against himself in a criminal cause, nor shall any person be put again in jeopardy of life or liberty for the same offense,...

It violates The United States Constitution Amendment IV The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

Amendment V No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces, or in the militia, when in actual service in time of war or public danger; **nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law;** nor shall private property be taken for public use, without just compensation. **Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.**

Amendment XIV Section 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws. Amendment I Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.

Missouri Statute 544.455 Release of person charged, when — conditions which may be imposed. (8/28/2013)

Effective 28 Aug 2013, highlighted 5 Chapter 544

Title XXXVII CRIMINAL PROCEDURE

544.455. Release of person charged, when – conditions which may be imposed. – 1. Any person charged with a bailable offense, at his or her appearance before an associate circuit judge or judge may be ordered released pending trial, appeal, or other stage of the proceedings against him on his personal recognizance, unless the associate circuit judge or judge determines, in the exercise of his discretion, that such a release will not reasonably assure the appearance of the person as required. When such a determination is made, the associate circuit judge or judge may either in lieu of or in addition to the above methods of release, impose any or any combination of the following conditions of release which will reasonably assure the appearance of the person for trial:

(1) Place the person in the custody of a designated person or organization agreeing to supervise him;

(2) Place restriction on the travel, association, or place of abode of the person during the period of release;

(3) Require the execution of a bail bond with sufficient solvent sureties, or the deposit of cash in lieu thereof;

(4) Require the person to report regularly to some officer of the court, or peace officer, in such manner as the associate circuit judge or judge directs;

(5) Require the execution of a bond in a given sum and the deposit in the registry of the court of ten percent, or such lesser percent as the judge directs, of the sum in cash or negotiable bonds of the United States or of the state of Missouri or any political subdivision thereof;

(6) Place the person on house arrest with electronic monitoring; except that all costs associated with the electronic monitoring shall be charged to the person on house arrest. If the judge finds the person unable to afford the costs associated with electronic monitoring, the judge may order that the person be placed on house arrest with electronic monitoring if the county commission agrees to pay from the general revenue of the county the costs of such monitoring. If the person on house arrest is unable to afford the costs associated with electronic monitoring and the county commission does not agree to pay the costs of such electronic monitoring, the judge shall not order that the person be placed on house arrest with electronic monitoring;

(7) Impose any other condition deemed reasonably necessary to assure appearance as required, including a condition requiring that the person return to custody after specified hours.

2. In determining which conditions of release will reasonably assure appearance, the associate circuit judge or judge shall, on the basis of available information, take into account the nature and circumstances of the offense charged, the weight of the evidence against the accused, the accused's family ties, employment, financial resources, character and mental condition,

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revisor.mo.gov

(7) Impose any other condition deemed reasonably necessary to assure appearance as required, including a condition requiring that the person return to custody after specified hours.

2. In determining which conditions of release will reasonably assure appearance, the associate circuit judge or judge shall, on the basis of available information, take into account the nature and circumstances of the offense charged, the weight of the evidence against the accused, the accused's family ties, employment, financial resources, character and mental condition, the length of his residence in the community, his record of convictions, and his record of appearance at court proceedings or flight to avoid prosecution or failure to appear at court proceedings.

3. An associate circuit judge or judge authorizing the release of a person under this section shall issue an appropriate order containing a statement of the conditions imposed, if any, shall inform such person of the penalties applicable to violations of the conditions of his release and shall advise him that a warrant for his arrest will be issued immediately upon any such violation.

4. A person for whom conditions of release are imposed and who after twenty-four hours from the time of the release hearing continues to be detained as a result of his inability to meet the conditions of release, shall, upon application, be entitled to have the condition reviewed by the associate circuit judge or judge who imposed them. The motion shall be determined promptly.

5. An associate circuit judge or judge ordering the release of a person on any condition specified in this section may at any time amend his order to impose additional or different conditions of release; except that, if the imposition of such additional or different conditions results in the detention of the person as a result of his inability to meet such conditions or in the release of the person on a condition requiring him to return to custody after specified hours, the provisions of subsection 4 of this section shall apply.

6. Information stated in, or offered in connection with, any order entered pursuant to this section need not conform to the rules pertaining to the admissibility of evidence in a court of law.

7. Nothing contained in this section shall be construed to prevent the disposition of any case or class of cases by forfeiture of collateral security where such disposition is authorized by the court.

8. Persons charged with violations of municipal ordinances may be released by a municipal judge or other judge who hears and determines municipal ordinance violation cases of the municipality involved under the same conditions and in the same manner as provided in this section for release by an associate circuit judge.

9. A circuit court may adopt a local rule authorizing the pretrial release on electronic monitoring pursuant to subdivision (6) of subsection 1 of this section in lieu of incarceration of individuals charged with offenses specifically identified therein.

(L. 1972 H.B. 1160, A.L. 1978 H.B. 1634, A.L. 2011 H.B. 111, A.L. 2013 H.B. 215 merged with H.B. 374 & 434 merged with S.B. 327)

(1976) Provisions as to issuance of an appropriate order containing a statement of the conditions imposed and warning of consequences of failure to appear do not apply to persons released under the provisions of § 544.665. State v. Adams (A.), 532 S.W.2d 524.

< end of effective 28 Aug 2013 >

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

October 11, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Brian Hagg regarding a proposed statutory amendment to Chapters 558 and 559 (2018-293)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Brian Hagg on October 11, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
OCT 11 2017
MO. SECRETARY OF STATE

Initiative petition for law or constitutional amendment, form—clerical and technical errors to be disregarded, penalties for false signature.—The following shall be substantially the form of each page of each petition for any law or amendment to the Constitution of the state of Missouri proposed by the initiative: County ..... Page No. ..... It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION To the Honorable ....., Secretary of State for the state of Missouri: We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the ..... day of ....., ..., and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title) ..... CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF ..... I, ..., being first duly sworn.

NAME SIGNED	DATE	REGISTERED VOTING ADDRESS	ZIP CODE	CONGR. DIST.	NAME Printed

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition. If paid, list the payer .... Signature of Affiant (Person obtaining signatures) ..... (Printed Name of Affiant) ..... Address of Affiant Subscribed and sworn to before me this ..... day of ....., A.D. .... Signature of Notary ..... Address of Notary Notary Public (Seal) My commission expires ..... If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors

Missouri Statute **559.026 Detention condition of probation.** Detention condition of probation. — Except in infraction cases, when probation is granted, the court, in addition to conditions imposed pursuant to section 559.021, may require as a condition of probation that the offender submit to a period of detention up to forty-eight hours after the determination by a probation or parole officer that the offender violated a condition of continued probation or parole in an appropriate institution at whatever time or intervals within the period of probation, consecutive or nonconsecutive, the court shall designate, or the board of probation and parole shall direct. **[**Any person placed on probation in a county of the first class or second class or in any city with a population of five hundred thousand or more and detained as herein provided shall be subject to all provisions of section 221.170, **even though he was not convicted and sentenced to a jail or workhouse.]**(1) In misdemeanor cases, the period of detention under this section shall **not exceed the shorter of thirty days [or the maximum term of imprisonment authorized for the misdemeanor by chapter 558.]** [(2) **In felony cases, the period of detention under this section shall not exceed one hundred twenty days.]** (3) If probation is revoked and a term of imprisonment is served by reason thereof, the time spent in a jail, half-way house, honor center, workhouse or other institution as a detention condition of probation shall be credited against the prison or jail term served for the offense in connection with which the detention condition was imposed.

Missouri Statute **558.011. Sentence of imprisonment, terms — conditional release. —** 1. The authorized terms of imprisonment, including both prison and conditional release terms, are: (1) For a class A felony, a term of years not less than ten years and not to exceed thirty years, or life imprisonment;(2) For a class B felony, a term of years not less than five years and not to exceed fifteen years;(3) For a class C felony, a term of years not less than three years and not to exceed ten years; (4) For a class D felony, a term of years not to exceed seven years;(5) For a class E felony, a term of years not to exceed four years; **(6) For a class A misdemeanor, a term not to exceed one year; (7) For a class B misdemeanor, a term not to exceed six months; (8) For a class C misdemeanor, a term not to exceed fifteen days…**Not the whole Missouri Statute its Screen printed on the next page.

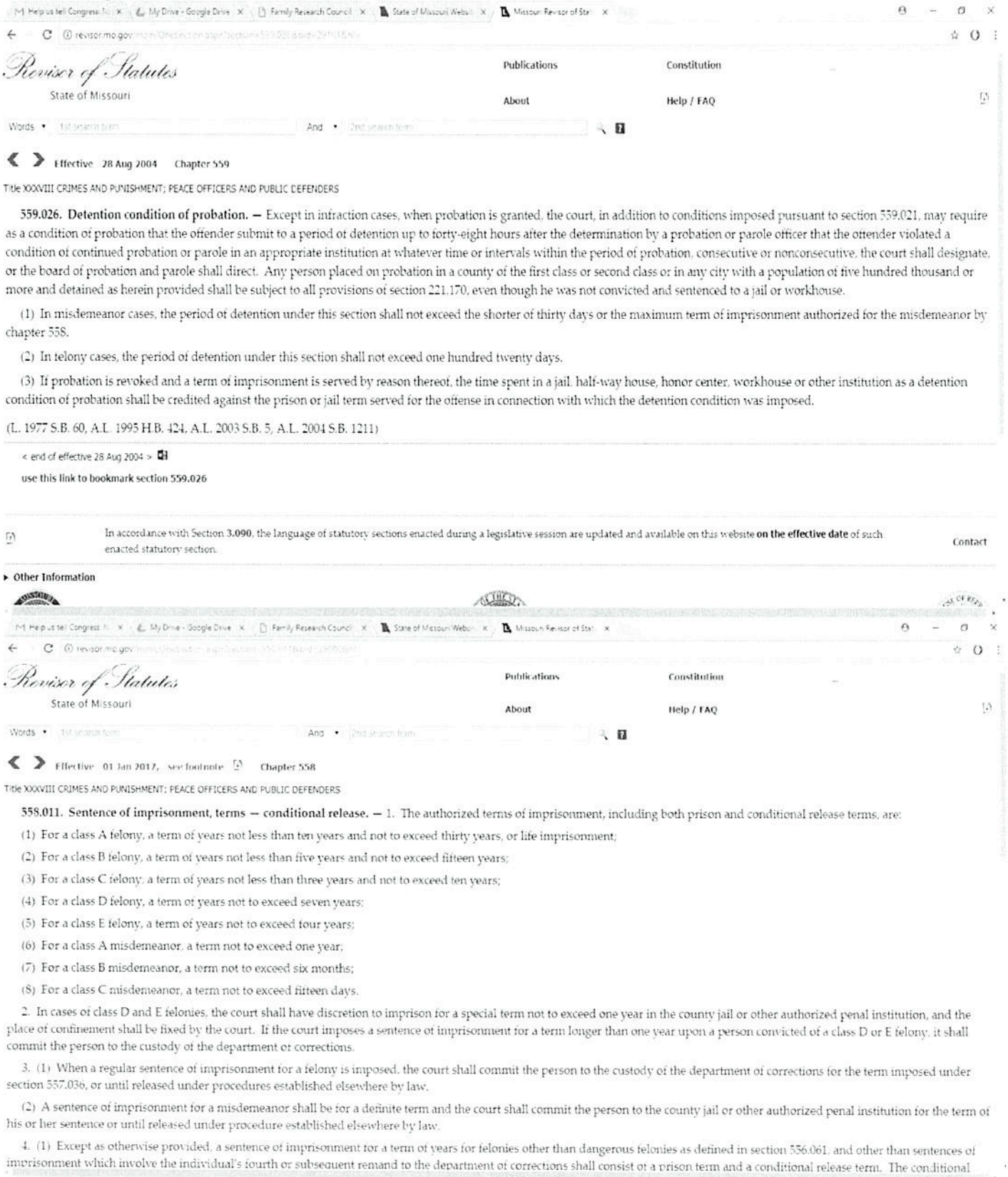
In the Last paragraph of 559.026the first, second class city or a population of five hundred thousand or more and detained as herein provided shall be subject to all provisions of section 221.170, **even though he was not convicted and sentenced to a jail or workhouse. How can someone not convicted & sentenced be placed in detention? Was not convicted & and sentenced to a jail or workhouse. Then Missouri Statute 559.012 Did not take place so points (1) and (2) is the reason probation is given. So what probation is the not convicted on that they get detention?** Missouri Statute 559.012. **Eligible for probation, when. — The court may place a person on probation for a specific period upon conviction of any offense or upon suspending imposition of sentence** if, having regard to the nature and circumstances of the offense and to the history and character of the defendant, the court is of the opinion that: (1) Institutional confinement of the defendant is not necessary for the protection of the public; and (2) The defendant is in need of guidance, training or other assistance which, in his or her case, can be effectively administered through probation supervision.

Missouri Statute 559.026 Detention condition of probation is unconstitutional the above lines show not convicted and sentenced to a jail or workhouse. It violates the Missouri Constitution Bill of Rights Article I Section 10. That no person shall be deprived of life, liberty or property without due process of law. Section 14. That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay. Violates the United States Constitutional **Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted**. Also **Amendment XIVSection 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.**
Point 1 of Missouri Statute 559.26 Detention condition of probation Any person placed on probation in a county of the first class or second class or in any city with a population of five hundred thousand or more and detained as herein provided shall be subject to all provisions of section 221.170, **even though he was not convicted and sentenced to a jail or workhouse. (1) In misdemeanor cases, the period of detention under this section shall not exceed the shorter of thirty days or the maximum term of imprisonment authorized for the misdemeanor by chapter 558, the Statute give a misdemeanor offender more imprisonment than a Felony offender.**

Missouri Statute 559.026 Detention condition of probation is unconstitutional the above lines shown. Because it gives a misdemeanor on probation more Detention than a felony. It violates the Missouri Constitution Bill of Rights Article I Section 10. That no person shall be deprived of life, liberty or property without due process of law. Section 14. That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay. Violates the United States Constitutional **Amendment VIII** Excessive bail shall not be required, nor excessive fines imposed, **nor cruel and unusual punishments inflicted**. Also **Amendment XIVSection 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law**; nor deny to any person within its jurisdiction the equal protection of the laws.

This statute also treats each felony offender the same when 558.011 has different classes of felony offences. Each class should have a different time period for detention condition of probation.

The screen prints of the whole Missouri Statute 559.26 & 558.011



Revisor of Statutes
State of Missouri

Publications Constitution
About Help / FAQ

Words And

Effective 28 Aug 2004 Chapter 559

Title XXXVIII CRIMES AND PUNISHMENT; PEACE OFFICERS AND PUBLIC DEFENDERS

559.026. Detention condition of probation. — Except in infraction cases, when probation is granted, the court, in addition to conditions imposed pursuant to section 559.021, may require as a condition of probation that the offender submit to a period of detention up to forty-eight hours after the determination by a probation or parole officer that the offender violated a condition of continued probation or parole in an appropriate institution at whatever time or intervals within the period of probation, consecutive or nonconsecutive, the court shall designate, or the board of probation and parole shall direct. Any person placed on probation in a county of the first class or second class or in any city with a population of five hundred thousand or more and detained as herein provided shall be subject to all provisions of section 221.170, even though he was not convicted and sentenced to a jail or workhouse.

(1) In misdemeanor cases, the period of detention under this section shall not exceed the shorter of thirty days or the maximum term of imprisonment authorized for the misdemeanor by chapter 558.

(2) In felony cases, the period of detention under this section shall not exceed one hundred twenty days.

(3) If probation is revoked and a term of imprisonment is served by reason thereof, the time spent in a jail, half-way house, honor center, workhouse or other institution as a detention condition of probation shall be credited against the prison or jail term served for the offense in connection with which the detention condition was imposed.

(L. 1977 S.B. 60, A.L. 1995 H.B. 424, A.L. 2003 S.B. 5, A.L. 2004 S.B. 1211)

< end of effective 28 Aug 2004 >

use this link to bookmark section 559.026

In accordance with Section 3.090, the language of statutory sections enacted during a legislative session are updated and available on this website **on the effective date** of such enacted statutory section.

Contact

▸ Other Information

Revisor of Statutes
State of Missouri

Publications Constitution
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Words And

Effective 01 Jan 2017, See footnote Chapter 558

Title XXXVIII CRIMES AND PUNISHMENT; PEACE OFFICERS AND PUBLIC DEFENDERS

558.011. Sentence of imprisonment, terms — conditional release. — 1. The authorized terms of imprisonment, including both prison and conditional release terms, are:

(1) For a class A felony, a term of years not less than ten years and not to exceed thirty years, or life imprisonment;

(2) For a class B felony, a term of years not less than five years and not to exceed fifteen years;

(3) For a class C felony, a term of years not less than three years and not to exceed ten years;

(4) For a class D felony, a term of years not to exceed seven years;

(5) For a class E felony, a term of years not to exceed four years;

(6) For a class A misdemeanor, a term not to exceed one year;

(7) For a class B misdemeanor, a term not to exceed six months;

(8) For a class C misdemeanor, a term not to exceed fifteen days.

2. In cases of class D and E felonies, the court shall have discretion to imprison for a special term not to exceed one year in the county jail or other authorized penal institution, and the place of confinement shall be fixed by the court. If the court imposes a sentence of imprisonment for a term longer than one year upon a person convicted of a class D or E felony, it shall commit the person to the custody of the department of corrections.

3. (1) When a regular sentence of imprisonment for a felony is imposed, the court shall commit the person to the custody of the department of corrections for the term imposed under section 557.036, or until released under procedures established elsewhere by law.

(2) A sentence of imprisonment for a misdemeanor shall be for a definite term and the court shall commit the person to the county jail or other authorized penal institution for the term of his or her sentence or until released under procedure established elsewhere by law.

4. (1) Except as otherwise provided, a sentence of imprisonment for a term of years for felonies other than dangerous felonies as defined in section 556.061, and other than sentences of imprisonment which involve the individual's fourth or subsequent remand to the department of corrections shall consist of a prison term and a conditional release term. The conditional

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
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ELECTIONS DIVISION
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October 10, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Brian Hagg regarding a proposed statutory amendment to Chapter 558 (2018-292)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Brian Hagg on October 10, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely.

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

Initiative petition for law or constitutional amendment, form—clerical and technical errors to be disregarded, penalties for false signature.—The following shall be substantially the form of each page of each petition for any law or amendment to the Constitution of the state of Missouri proposed by the initiative: County ..... Page No. ..... It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION To the Honorable ....., Secretary of State for the state of Missouri: We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the ..... day of ....., ..., and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title) ..... CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF ..... I, ..., being first duly sworn.

NAME SIGNED	DATE	REGISTERED VOTING ADDRESS	ZIP CODE	CONGR. DIST.	NAME Printed

RECEIVED
OCT 10 2017
MO. SECRETARY OF STATE

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition. If paid, list the payer .... Signature of Affiant (Person obtaining signatures) ..... (Printed Name of Affiant) ..... Address of Affiant Subscribed and sworn to before me this ..... day of ....., A.D. .... Signature of Notary ..... Address of Notary Notary Public (Seal) My commission expires ..... If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors

New Missouri statute 558.002.1 continued has 2 different fine amounts for same offence, for persons convicted of C or D felony is either $5000 or at the top of first page beginning of statute states $10,000. Also the fine amount for corporation for a misdemeanor is just 10,000, but that is for every type the old statute had different fine amounts for different misdemeanor of A,B,C which is shown by the screen prints below of the New Missouri statute 558.002.1 this is unconstitutional no equal protection of the law which is a violation of the XIV Amendment of United States Constitution.

The 560.011 is not the only Missouri statute that this558.002 replaced as it replaced 560.011, 560.016 and 560.021. For the Old Missouri statutes that are repealed 560.011, 560.016 and 560.021 on http://revisor.mo.gov/main/OneChapter.aspx?chapter=560 states that they are (Repealed L. 2014 S.B. 491) (1/1/2017). The www.moga.mo.gov not working since July of 2017.

[Missouri statute 558.002. Fines for felonies. — 1. Except as otherwise provided for an offense outside this code, a person who has been convicted of an offense may be sentenced to pay a fine which does not exceed:

(1) For a class C, D, or E felony, ten thousand dollars;

(2) For a class A misdemeanor, two thousand dollars;

(3) For a class B misdemeanor, one thousand dollars;

(4) For a class C misdemeanor, seven hundred fifty dollars;

(5) For a class D misdemeanor, five hundred dollars;

(6) For an infraction, four hundred dollars;] or

(7) If the person has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the person's gain from the commission of the offense.

[2. A sentence to pay a fine, when imposed on a corporation for an offense defined in this code or for any offense defined outside this code for which no specific corporate fine is specified, shall be a sentence to pay an amount, fixed by the court, which does not exceed:

(1) For a felony, twenty thousand dollars;

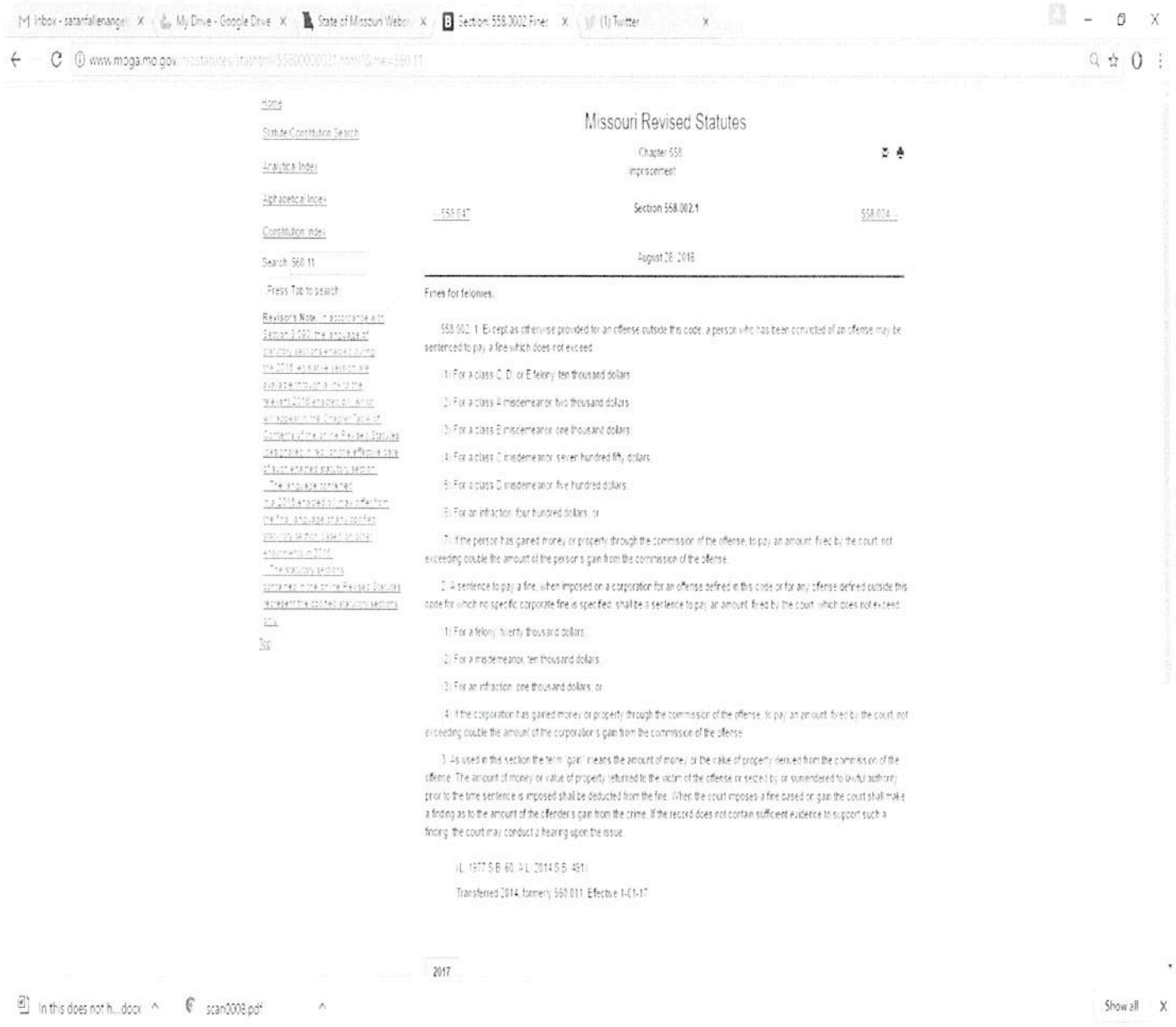
(2) For a misdemeanor, ten thousand dollars;

(3) For an infraction, one thousand dollars;] or

(4) If the corporation has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the corporation's gain from the commission of the offense.

3. As used in this section the term "gain" means the amount of money or the value of property derived from the commission of the offense. The amount of money or value of property returned to the victim of the offense or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

Missouri statute 558.002 because each fine amount has increased Violates the United States Constitutional **Amendment VIII Excessive bail shall not be required, nor excessive fines imposed,** nor cruel and unusual punishments inflicted. Also **Amendment XIVSection 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law**; nor deny to any person within its jurisdiction the equal protection of the laws. **It violates the Missouri Constitution Bill of Rights Article I Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design. Section 10. That no person shall be deprived of life, liberty or property without due process of law.**



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Revisor's Note: In accordance with Section 3.090, the language of statutory sections enacted during the 2016 and the latest bill signed and truly agreed to by the General Assembly during the Second Regular Session of the 98th General Assembly, which adjourned sine die on January 6, 2016, is set out in the effective date of such enacted statutory section.

The language contained in 2016 enactments may differ from the language contained in previously codified statutory sections that have subsequent amendments in 2016.

The statutory sections contained in the online Revised Statutes represent the codified statutory sections as a

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Missouri Revised Statutes

Chapter 558
Imprisonment

558.047	Section 558.002.1	558.011

August 28, 2016

Fines for felonies.

558.002. 1. Except as otherwise provided for an offense outside this code, a person who has been convicted of an offense may be sentenced to pay a fine which does not exceed

(1) For a class C, D, or E felony, ten thousand dollars;

(2) For a class A misdemeanor, two thousand dollars;

(3) For a class B misdemeanor, one thousand dollars;

(4) For a class C misdemeanor, seven hundred fifty dollars;

(5) For a class D misdemeanor, five hundred dollars;

(6) For an infraction, four hundred dollars; or

(7) If the person has gained money or property through the commission of the offense, to pay an amount fixed by the court, not exceeding double the amount of the person's gain from the commission of the offense.

2. A sentence to pay a fine, when imposed on a corporation for an offense defined in this code or for any offense defined outside this code for which no specific corporate fine is specified, shall be a sentence to pay an amount, fixed by the court, which does not exceed

(1) For a felony, twenty thousand dollars;

(2) For a misdemeanor, ten thousand dollars;

(3) For an infraction, one thousand dollars; or

(4) If the corporation has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the corporation's gain from the commission of the offense.

3. As used in this section, the term "gain" means the amount of money or the value of property derived from the commission of the offense. The amount of money or value of property returned to the victim of the offense or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain, the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

(L. 1977 S.B. 60, A.L. 2014 S.B. 491)

Transferred 2014, formerly 560.011, Effective 1-01-17

2017

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Revisor's Note: In accordance with Section 3.090, the language of statutory sections enacted during the 2018 legislative session are available through a link to the relevant 2018 enactment when available in the Chronological Table of Contents of the Revised Statutes (RSMo). Also, on the effective date of such enacted statutory section, the language contained in a 2018 enactment will supersede the language of previously-effective statutory section based on other enactments of 2018.

The statutory sections contained in the online Revised Statutes (RSMo) are the most recent statutory sections and...

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(6) For an infraction, four hundred dollars; or

(7) If the person has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the person's gain from the commission of the offense.

2. A sentence to pay a fine, when imposed on a corporation for an offense defined in this code or for any offense defined outside this code for which no specific corporate fine is specified, shall be a sentence to pay an amount, fixed by the court, which does not exceed:

(1) For a felony, twenty thousand dollars;

(2) For a misdemeanor, ten thousand dollars;

(3) For an infraction, one thousand dollars; or

(4) If the corporation has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the corporation's gain from the commission of the offense.

3. As used in this section, the term "gain" means the amount of money or the value of property derived from the commission of the offense. The amount of money or value of property returned to the victim of the offense or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain, the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

(L. 1977 S.B. 60, A.L. 2014 S.B. 491)

Transferred 2014; formerly 560.011. Effective 1-01-17

2017

2017 | Transferred now: 558.030.002

560.11. 1. A person who has been convicted of a class C or D felony may be sentenced:

(1) To pay a fine which does not exceed five thousand dollars; or

(2) If the offender has gained money or property through the commission of the crime, to pay an amount, fixed by the court, not exceeding double the amount of the offender's gain from the commission of the crime. An individual offender may be fined not more than twenty thousand dollars under this provision.

2. As used in this section, the term "gain" means the amount of money or the value of property derived from the commission of the crime. The amount of money or value of property returned to the victim of the crime or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain, the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

3. The provisions of this section shall not apply to corporations.

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Missouri General Assembly

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560.011 Fines for felonies.
560.016 Fines for misdemeanors and infractions.
560.021 Fines for corporations.

Cross Reference

Imprisonment, limitation on payment of fines, RSMo 560.026

560.011. Fines for felonies. — 1. A person who has been convicted of a class C or D felony may be sentenced

(1) To pay a fine which does not exceed five thousand dollars; or

(2) If the offender has gained money or property through the commission of the crime, to pay an amount, fixed by the court, not exceeding double the amount of the offender's gain from the commission of the crime. An individual offender may be fined not more than twenty thousand dollars under this provision.

2. As used in this section the term "gain" means the amount of money or the value of property derived from the commission of the crime. The amount of money or value of property returned to the victim of the crime or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain, the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

3. The provisions of this section shall not apply to corporations.

(L. 1977 S.B. 60)

Historical Note

560.016. Fines for misdemeanors and infractions. — 1. Except as otherwise provided for an offense outside this code, a person who has been convicted of a misdemeanor or infraction may be sentenced to pay a fine which does not exceed

(1) For a class A misdemeanor, one thousand dollars;

(2) For a class B misdemeanor, five hundred dollars;

(3) For a class C misdemeanor, three hundred dollars;

(4) For an infraction, two hundred dollars.

2. In lieu of a fine imposed under subsection 1, a person who has been convicted of a misdemeanor or infraction through which he derived "gain" as defined in section 560.011, may be sentenced to a fine which does not exceed double the amount of gain from the commission of the offense. An individual offender may be fined not more than twenty thousand dollars under this provision.

(L. 1977 S.B. 60)

Historical Note

560.021. Fines for corporations. — 1. A sentence to pay a fine, when imposed on a corporation for an offense defined in this code or for an offense defined outside this code for which no special corporate fine is specified, shall be a sentence to pay an amount, fixed by the court, not exceeding

(1) Ten thousand dollars, when the conviction is of a felony;

(2) Five thousand dollars, when the conviction is of a class A misdemeanor;

(3) Two thousand dollars, when the conviction is of a class B misdemeanor;

(4) One thousand dollars, when the conviction is of a class C misdemeanor;

(5) Five hundred dollars, when the conviction is of an infraction;

(6) Any higher amount not exceeding double the amount of the corporation's gain from the commission of the offense, as determined under section 560.011.

2. In the case of an offense defined outside this code, if a special fine for a corporation is expressly specified in the statute that defines the offense, the fine fixed by the court shall be

(1) An amount within the limits specified in the statute that defines the offense; or

(2) Any higher amount not exceeding double the amount of the corporation's gain from the commission of the offense, as determined under section 560.011.

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STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

October 6, 2017

RECEIVED
OCT 0 6 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Brian Hagg regarding a proposed statutory amendment to Chapter 374 (2018-291)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Brian Hagg on October 5, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

INITIATIVE PETITION SUBMISSION COVER PAGE

RETURN TO:
Missouri Secretary of State
Elections Division
600 W. Main St.
Jefferson City, MO 65101

MISSOURI SECRETARY OF STATE
JOHN R. ASHCROFT

PHONE: (800) 669-8683
WEB: http://www.sos.mo.gov

Pursuant to Sections 116.100 and 116.332, RSMo, upon submitting a petition, please provide the following contact information:

RECEIVED
OCT 05 2017
MO. SECRETARY OF STATE

DATE OF SUBMISSION

LAST NAME*

FIRST NAME*

STREET ADDRESS*

CITY*

STATE*

ZIP CODE*

PHONE*

EMAIL

ORGANIZATION

CHECK ONE*

☐ A PERSON OR COMMITTEE, OTHER THAN ME, IS FUNDING A PORTION OF THE DRAFTING OR SUBMISSION OF THIS SAMPLE SHEET. AS A RESULT, I AM ATTACHING A COPY OF THE FILED STATEMENT OF COMMITTEE ORGANIZATION REQUIRED UNDER SECTION 130.021.5, RSMO, SHOWING THE DATE THE STATEMENT WAS FILED.

☒ I AFFIRM THAT NO PORTION OF THE DRAFTING OR SUBMISSION OF THIS SAMPLE SHEET HAS BEEN FUNDED BY A PERSON OR COMMITTEE OTHER THAN ME.

SIGNATURE OF PERSON SUBMITTING THE SAMPLE SHEET*

*REQUIRED INFORMATION

Initiative petition for law or constitutional amendment, form—clerical and technical errors to be disregarded, penalties for false signature.—The following shall be substantially the form of each page of each petition for any law or amendment to the Constitution of the state of Missouri proposed by the initiative: County ..... Page No. ..... It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION To the Honorable ....., Secretary of State for the state of Missouri: We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the ..... day of ....., ..., and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title) ..... CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF ..... I, ..., being first duly sworn.

NAME SIGNED	DATE	REGISTERED VOTING ADDRESS	ZIP CODE	CONGR. DIST.	NAME Printed

RECEIVED
OCT 05 2017
MO. SECRETARY OF STATE

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition. If paid, list the payer .... Signature of Affiant (Person obtaining signatures) ..... (Printed Name of Affiant) ..... Address of Affiant Subscribed and sworn to before me this ..... day of ....., A.D. .... Signature of Notary ..... Address of Notary Notary Public (Seal) My commission expires ..... If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors.

Chapter 374 Department of Insurance, Financial Institutions and Professional Registration 374.695 to 374.755 REGULATION OF BAIL BOND AGENTS & 374.783 to 374.789 SURETY RECOVERY AGENTS how some Missouri statutes are broken by what is listed in 374.695 to 374.789, and related statutes which have broken the Missouri Constitution Bill of Rights Article I and The United States Constitution.

Missouri Statute 374.700. Definitions. — As used in sections 374.695 to 374.789, the following terms shall mean: (1) **"Bail bond agent"**, a surety agent or an agent of a property bail bondsman who is duly licensed pursuant to the provisions of sections 374.695 to 374.789, is employed by and is working under the authority of a licensed general bail bond agent:...(3) **"Department"**, the department of insurance, financial institutions and professional registration of the state of Missouri:(4) **"Director"**, the director of the department of insurance, financial institutions and professional registration:(5) **"General bail bond agent"**, a surety agent or a property bail bondsman, as defined in sections 374.700 to 374.775, who is licensed in accordance with sections 374.700 to 374.775 and who devotes at least fifty percent of his working time to the bail bond business in this state; **(6) "Insurer", any surety insurance company which is qualified by the department to transact surety business in Missouri;(7) "Licensee", a bail bond agent or a general bail bond agent;** (8) "Property bail bondsman", a person who pledges United States currency, United States postal money orders or cashier's checks or other property as security for a bail bond in connection with a judicial proceeding, and who receives or is promised therefor money or other things of value: (9) "Surety bail bond agent", any person appointed by an insurer by power of attorney to execute or countersign bail bonds in connection with judicial proceedings, and who receives or is promised money or other things of value therefor:(10) **"Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, captures and surrenders to the custody of a court a fugitive who has violated a bail bond agreement, excluding a bail bond agent or general bail bond agent;**
(11) "Taking a bail" or "take bail", the acceptance by a person authorized to take bail of the undertaking of a sufficient surety for the appearance of the defendant according to the terms of the undertaking or that the surety will pay to the court the sum specified. Taking of bail or take bail does not include the fixing of the amount of bail and no person other than a competent court shall fix the amount of bail.

Points (6) "Insurer" & ;(7) "Licensee", a bail bond agent or a general bail bond agent; are private citizens who think they have more power than the Missouri statutes, Missouri Constitution & the United States Constitution. Who pay fee not to exceed one hundred fifty dollars, as Missouri Statute 374.710. States issue a two-year license for the bail bond agent or general bail bond agent.

Missouri Statute 374.710. License required for bail bond agents, application, qualifications — exceptions. 3. In addition to the twenty-four hours of initial basic training to become a bail bond agent or general bail bond agent, there shall be eight hours of biennial continuing education for all bail bond agents and general bail bond agents to maintain their state license. **The director shall determine said appropriate areas of instruction for said biennial continuing education.** The director shall determine which institutions, organizations, associations, and individuals shall be eligible to provide the initial basic training and the biennial continuing education instruction. The department may allow state institutions, organizations, associations,

or individuals to provide courses for the initial basic training and the biennial continuing education training. The cost shall not exceed two hundred dollars for the initial basic training and one hundred fifty dollars for biennial continuing education.
4. Upon completion of said basic training or biennial continuing education and the licensee meeting the other requirements as provided under sections 374.695 to 374.789, the director shall issue a two-year license for the bail bond agent or general bail bond agent for a fee not to exceed one hundred fifty dollars.

Missouri Statute 374.717. Prohibited acts. — No insurer or licensee, court, or law enforcement officer shall: (4) Accept anything of value from a principal except the premium and expenses incurred, provided that the licensee shall be permitted to accept collateral security or other indemnity from the principal in accordance with the provisions of section 374.719.
Missouri Statute 374.719. Collateral security accepted, when — receipt required — used to reimburse costs, when — records to be retained. — 1. A licensee may accept collateral security from the principal in a fiduciary capacity, which collateral shall be returned upon final termination of liability on the bond. When a licensee accepts collateral, the licensee shall provide a prenumbered written receipt, which shall include a detailed account of the collateral received by the licensee.

Missouri Statute 374.757. Notification by agent of intention to apprehend — local law enforcement may accompany agent — violations, penalties. —[1. Any agent licensed by sections 374.695 to 374.775 who intends to apprehend any person in this state shall inform law enforcement authorities in the city or county in which such agent intends such apprehension, before attempting such apprehension. Such agent shall present to the local law enforcement authorities a certified copy of the bond and all other appropriate paperwork identifying the principal and the person to be apprehended. Local law enforcement may accompany the agent]. Failure of any agent to whom this section applies to comply with the provisions of this section shall be a class A misdemeanor for the first violation and a class E felony for subsequent violations; and shall also be a violation of section 374.755 and may in addition be punished pursuant to that section. [2. The surety recovery agent shall inform the local law enforcement in the county or city where such agent is planning to enter a residence. Such agent shall have a certified copy of the bond and all appropriate paperwork to identify the principal. Local law enforcement, when notified, may accompany the surety recovery agent to that location to keep the peace if an active warrant is effective for a felony or misdemeanor. If a warrant is not active, the local law enforcement officers may accompany the surety recovery agent to such location]. Failure to report to the local law enforcement agency is a class A misdemeanor. For any subsequent violations, failure to report to the local law enforcement agency is a class E felony.
374.700point (10) states surety recovery agent can't.
[**Missouri Statute** 374.783. Surety recovery agents, license required — director to license, powers. — 1. No person shall hold himself or herself out as being a surety recovery agent in this state, unless such person is licensed in accordance with the provisions of sections 374.783 to 374.789. **Licensed bail bond agents and general bail bond agents may perform fugitive recovery without being licensed as a surety recovery agent.** 2. **The director shall have authority to license all surety recovery agents in this state. The director shall have control and supervision over the licensing of such agents and the enforcement of the terms and**

provisions of sections 374.783 to 374.789. 3. The director shall have the power to: (1) Set and determine the amount of the fees authorized and required pursuant to sections 374.783 to 374.789. The fees shall be set at a level sufficient to produce revenue which shall not substantially exceed the cost and expense of administering sections 374.783 to 374.789. However, such fees shall not exceed one hundred fifty dollars for a two-year license; and (2) Determine the sufficient qualifications of applicants for a license. 4. The director shall license for a period of two years all surety recovery agents in this state who meet the requirements of sections 374.783 to 374.789.]

So Missouri Statute 374.783. the whole Missouri statute unconstitutional, Surety recovery agents, The Last sentence of point 1 Licensed bail bond agents and general bail bond agents may perform fugitive recovery without being licensed as a surety recovery agent. Unconstitutional not law enforcement

Missouri Statute 374.789. Prohibited acts. — 1. A person is guilty of a class E felony if he or she does not hold a valid surety recovery agent license or a bail bond license and commits any of the following acts:(1) Holds himself or herself out to be a licensed surety recovery agent within this state:(2) Claims that he or she can render surety recovery agent services; or (3) Engages in fugitive recovery in this state.2. Any person who engages in fugitive recovery in this state and wrongfully causes damage to any person or property, including, but not limited to, unlawful apprehension, unlawful detainment, or assault, shall be liable for such damages and may be liable for punitive damages. **Just because Missouri Statutes 374.710Point (10), 374.757, 374.783 the bail bond agent or general bail bond agent. Think they have the same power as a police office, then The surety recovery agent have to be person licensed in accordance with the provisions of sections 374.783-374.789, then in 374.700 point (10) Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, captures and surrenders to the custody of a court a fugitive, So in 374.757 2. surety recovery agent shall inform the local law enforcement in the county or city where such agent is planning to enter a residence. So this can't happen because of the above statement of 374.700(10), a surety recovery agent can somehow have a warrant as stated in 374.757 2. & Local law enforcement may accompany.**

So What is the purpose of Missouri Statutes 374.789 Prohibited acts if they are licensed somehow they can arrest people if they have a warrant if you're a surety recovery agent so what is the need for a criminal justice education to be a policeman or law enforcement agent since you let bail bond agent, general bail bond & surety recovery agent act as law enforcement agents with just 24 hours of training and 150 dollars they are License as stated in 374.710. So the Director of Department of Insurance, Financial Institutions and Professional Registration has his own bail bond agent, general bail bond & surety recovery agent act as law enforcement agents

374.700 point (10) "Surety recovery agent", & 374.757 2. surety recovery agent contradict each other.

In 374.789 Prohibited acts 2. wrongfully causes damage to any person or property, including, but not limited to, unlawful apprehension, unlawful detainment, or assault, shall be liable for such damages and may be liable for punitive damages. **It violates the Missouri Constitution Bill of Rights Article I Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to**

give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design.
Section 10. That no person shall be deprived of life, liberty or property without due process of law. Section 14. That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay. Section 15. That the people shall be secure in their persons, papers, homes, effects, and electronic communications and data, from unreasonable searches and seizures; and no warrant to search any place, or seize any person or thing, or access electronic data or communication, shall issue without describing the place to be searched, or the person or thing to be seized, or the data or communication to be accessed, as nearly as may be; nor without probable cause, supported by written oath or affirmation. Section 19. That no person shall be compelled to testify against himself in a criminal cause, nor shall any person be put again in jeopardy of life or liberty for the same offense,...

It violates The United States Constitution Amendment IV The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.
Amendment V No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces, or in the militia, when in actual service in time of war or public danger; **nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law;** nor shall private property be taken for public use, without just compensation. **Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.**
Amendment XIV Section 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws. Amendment I Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.

Missouri Statute 374.755. Complaint by department, procedure — grounds — disciplinary action — alternate procedure — additional remedy **(4) Obtaining or attempting to obtain any compensation as a member of the profession licensed by sections 374.695 to 374.775 by means of fraud, deception or misrepresentation; (6) Violation of any provision of or any obligation imposed by the laws of this state, department of insurance, financial institutions and professional registration rules and regulations, or aiding or abetting other persons to violate such laws, orders, rules or regulations, or subpoenas;**

Violations have taken place taking of money from people who are gps/electronic monitored no were in the chapter of 374 does it state taking of money for gps/electronic

monitored which a lot of people have been put on in Missouri for just being charged for a crime, and nonconvicted are paying a excessive fines imposed, which violates United States Constitution Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.

Also says Missouri Statute 374.755. Complaint by department. procedure — grounds — disciplinary action — alternate procedure — additional remedy

[2. After the filing of such complaint, the proceedings shall be conducted in accordance with the provisions of chapter 621. Upon a finding by the administrative hearing commission that one or more of the causes stated in subsection 1 of this section have been met, the director may suspend or revoke the license or enter into an agreement for a monetary or other penalty pursuant to section 374.280.]

[3. In lieu of filing a complaint at the administrative hearing commission, the director and the bail bond agent or general bail bond agent may enter into an agreement for a monetary or other penalty pursuant to section 374.280.]

4. In addition to any other remedies available, the director may issue a cease and desist order or may seek an injunction in a court of competent jurisdiction pursuant to the provisions of section 374.046 whenever it appears that any person is acting as a bail bond agent or general bail bond agent without a license or violating any other provisions of sections 374.695 to 374.789.

Violations have taken place and somehow filing of such complaint the provisions of chapter 621. Upon a finding by the administrative hearing commission the director may suspend or revoke the license or enter into an agreement for a monetary or other penalty pursuant to section 374.280.

Missouri Statute 374.280. Civil penalty or forfeiture ordered when. how enforced. — 1. The director may. after a hearing under section 374.046. order a civil penalty or forfeiture payable to the state of Missouri authorized by section 374.049. which penalty or forfeiture. if unpaid within ten days. may be recovered by a civil action brought by and in the name of the director under section 374.048. The civil action may be brought in the county which has venue of an action against the person. partnership or corporation under other provisions of law. The director may also suspend or revoke the license or certificate of authority of such person for any willful violation.

2. Nothing contained in this section shall be construed to prohibit the director and any person subject to an investigation. examination. or other proceeding from agreeing to a voluntary forfeiture of the sum mentioned herein without civil proceedings being instituted. Any sum so agreed upon shall be paid into the school fund as provided by law for other fines and penalties.

An amended part to Missouri statute 374.280 that any wrong doing found by the administrative hearing commission and civil court ruling should also be paid to the victim of said crime which is Missouri Statute 374.755 (4) Obtaining or attempting to obtain any compensation as a member of the profession licensed by sections 374.695 to 374.775 by means of fraud. deception or misrepresentation;.

In Missouri Statute 374.280 2. in last sentence how is"Any sum so agreed upon shall be paid into the school fund as provided by law for other fines and penalties". What law tells them to paid into the school fund? So why is this statute trying to tell the director to just act with civil penalty and civil action or agreed sum to be paid into the school fund? when State statutes are broken the rest of the public is ticketed or arrested, put in jail, and put through the criminal justice system.

So how does the director not tell the Attorney General of Missouri, a state or local law enforcement that the law has been broken and should issue a warrant for arrest not take place, where is equal protection under the law for the person or people who had their constitutional protected rights taken from them which are in Missouri Constitution Bill of Rights Article I Section 2., Section 10., Section 14., Section 15., Section 19. and The United States Constitution Amendment IV, Amendment V, Amendment VIII, Amendment XIV Section 1., Amendment I.

Missouri Statute 621.015. Administrative hearing commission, number of commissioners — qualifications, appointment, terms, compensation. — The "Administrative Hearing Commission" is assigned to the office of administration. It shall consist of no more than five commissioners. The commissioners shall be appointed by the governor with the advice and consent of the senate. The term of each commissioner shall be for six years and until his successor is appointed, qualified and sworn. The commissioners shall be attorneys at law admitted to practice before the supreme court of Missouri, but shall not practice law during their term of office. Each commissioner shall receive annual compensation of fifty-one thousand dollars plus any salary adjustment provided pursuant to section 105.005. Each commissioner shall also be entitled to actual and necessary expenses in the performance of his duties. The office of the administrative hearing commission shall be located in the City of Jefferson and it may employ necessary clerical assistance, compensation and expenses of the commissioners to be paid from appropriations made for that purpose.

Missouri Statute 621.110. Commission's findings and recommendations — hearing by agency on disciplinary action. — Upon a finding in any cause charged by the complaint for which **the license may be suspended or revoked as provided in the statutes and regulations relating to the profession or vocation of the licensee** and within one hundred twenty days of the date the case became ready for decision, the commission shall deliver or transmit by mail to the agency which issued the license the record and a transcript of the proceedings before the commission together with the commission's findings of fact and conclusions of law. [**The commission may make recommendations as to appropriate disciplinary action but any such recommendations shall not be binding upon the agency**].... Statute continues. **So how can the commission's findings of fact and conclusions of law, even as provided in the Missouri statutes, Missouri Constitution and the United States Constitution. Not be binding upon the agency, which is just about this 374 bail/bondsman companies. The two parts of 621.110 contradict each other.**

With the above proof of what house arrest and electronic monitoring is as listed in the Missouri Statutes, and the proof that bail/bond companies pay $150 for a license from Department of Insurance, Financial Institutions and Professional Registration. For nonconvicted the illegally electronic monitor by private bail/bond companies which are listed in statute 374.700.1., Which have violated the Missouri Statute 374.717 Prohibited acts. — No insurer or licensee, court, or law enforcement officer shall: (4) Accept anything of value from a principal except the premium and expenses incurred, broke this missouri statue forcing nonconvicted to pay illegally electronic monitor fine. Missouri Statute 374.755.number (4) and (6), (4) Obtaining or attempting to obtain any compensation as a member of the profession licensed by sections 374.695 to 374.775 by means of fraud, deception or misrepresentation; (6) Violation of any provision of or any obligation imposed by the laws of this state, department of insurance, financial institutions and

professional registration rules and regulations, or aiding or abetting other persons to violate such laws, orders, rules or regulations, or subpoenas; broke (4) of this missouri statue forcing nonconvicted to pay illegally electronic monitor fine, deception and misrepresentation nonconvicted illegally electronic monitor/GPS tracking and (6) laws of the state 374.717, 374.755(4), 374.700 (10) "Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, nonconvicted illegally electronic monitor/GPS tracking and Broken the laws of the Missouri Constitution Bill of Rights Article I Section 2., Section 10., Section 15. and broken the laws as stated in Constitution of the United States Amendment I, Amendment IV, Amendment V, Amendment VII, Amendment VIII, Amendment XIV.

Missouri Statute 374.764. Alleged violations and complaints, procedure. — 1. The director shall examine and inquire into all alleged violations or complaints filed with the department of insurance, financial institutions and professional registration of the bail bond law of the state, and inquire into and investigate the bail bond business transacted in the state by any bail bond agent, general bail bond agent, or surety recovery agent. An amended part to Missouri statute 374.764 1. Shall also include That the Attorney General shall investigate all alleged violations and Missouri Statute 621.015. Administrative hearing commission findings in Missouri Statute 621.110. Commission's findings and recommendations. And any violation of the law should also go through the judicial process as stated in Missouri Constitution Bill of Rights Article I Section 14. That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay.

[2. The director or any of his or her duly appointed agents may compel the attendance before him or her, and may examine, under oath, the directors, officers, bail bond agents, general bail bond agents, surety recovery agents, employees, or any other person in reference to the condition, affairs, management of the bail bond or surety recovery business, or any matters relating thereto. He or she may administer oaths or affirmations and shall have power to summon and compel the attendance of witnesses and to require and compel the production of records, books, papers, contracts, or other documents if necessary.]

[3. The director may make and conduct the investigation in person or the director may appoint one or more persons to make and conduct the investigation. If made by a person other than the director, the person duly appointed by the director shall have the same powers as granted to the director pursuant to this section. A certificate of appointment under the official seal of the director shall be sufficient authority and evidence thereof for the person to act. For the purpose of making the investigations, or having the same made, the director may employ the necessary clerical, actuarial, and other assistance.] **In Missouri Statute 374.764 2. Can act as a judge now and as stated compel the attendance before him or her, and may examine, under oath, He or she may administer oaths or affirmations and shall have power to summon and compel the attendance of witnesses and to require and compel the production of records, books, papers, contracts, or other documents if necessary. So he does this in his office not in a courtroom? In 3. If director appoints people they just need A certificate of appointment under the official seal of the director shall be sufficient authority and evidence thereof for the person to act. Each of these appointed people can act as judge and any law enforcement**

agent and require & compel any other person in reference to the condition, affairs, management of the bail bond or surety recovery business, or any matters relating thereto.

Missouri Statute 374.764. Alleged violations and complaints, procedure. **it violates the United States Constitution Amendment IV The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated,** and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

Amendment V No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces, or in the militia, when in actual service in time of war or public danger; **nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law;** nor shall private property be taken for public use, without just compensation. **Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted. Amendment I Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances. Amendment VI In all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial, by an impartial jury of the state and district wherein the crime shall have been committed, which district shall have been previously ascertained by law, and to be informed of the nature and cause of the accusation; to be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the assistance of counsel for his defense. Amendment VII In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any court of the United States, than according to the rules of the common law. Amendment XIV Section 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.**

[Missouri Statute 374.785. License issued, when — reciprocity — apprehension of defendant, permitted where — fee. 1. The director shall issue a license for a period of two years to any surety recovery agent who is licensed in another jurisdiction and who:

(1) Has no violations, suspensions, or revocations of a license to engage in fugitive recovery in any jurisdiction; and

(2) Is licensed in a jurisdiction whose requirements are substantially equal to or greater than the requirements for a surety recovery agent license in Missouri at the time the applicant applies for a license.

2. Any surety recovery agent who is licensed in another state shall also be subject to the same training requirements as in-state surety recovery agents prescribe to under section 374.784.

3. For the purpose of surrender of the defendant, a surety recovery agent may apprehend the defendant anywhere within the state of Missouri before or after the forfeiture of the undertaking without personal liability for false imprisonment or may empower any surety recovery agent to

make apprehension by providing written authority endorsed on a certified copy of the undertaking and paying the lawful fees.

4. Every applicant for a license pursuant to this section, upon making application and showing the necessary qualifications as provided in this section, shall be required to pay the same fee as required of resident applicants. Within the limits provided in this section, the director may negotiate reciprocal compacts with licensing entities of other states for the admission of licensed surety recovery agents from Missouri in other states.] **Missouri Statue 374.785. 3. For the purpose of surrender of the defendant, a surety recovery agent may apprehend the defendant anywhere within the state of Missouri before or after the forfeiture of the undertaking without personal liability for false imprisonment or may empower any surety recovery agent to make apprehension by providing written authority endorsed on a certified copy of the undertaking and paying the lawful fees. This violates another Missouri Statute 374.700 (10) "Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, captures and surrenders to the custody of a court a fugitive who has violated a bail bond agreement, excluding a bail bond agent or general bail bond agent; so if a Missouri statute is violated a law is violated so are more Missouri Constitutional rights and United States Constitutional rights, the last sentence in374.785 3. Paying what lawful fees the only fees in 374.700 those (8),(9) and (11)** (8) "Property bail bondsman", **a person who pledges United States currency, United States postal money orders or cashier's checks or other property as security** for a bail bond in connection with a judicial proceeding, and who receives or is **promised therefor money or other things of value;** (9) "Surety bail bond agent", any person appointed by an insurer by power of attorney to execute or countersign bail bonds in connection with judicial proceedings, **and who receives or is promised money or other things of value therefor;**(11) "Taking a bail" or "take bail", the acceptance by a person authorized to **take bail of the undertaking of a sufficient surety** for the appearance of the defendant according to the terms of the undertaking **or that the surety will pay to the court the sum specified.**

Missouri Statute 374.787. Complaint procedure. — 1. The director [may] cause a complaint to be filed with the administrative hearing commission as provided by chapter 621 against any surety recovery agent [or any person who has failed to renew] or has surrendered his or her license for any one or any combination of the following causes:

(1) Violation of any provisions of, or any obligations imposed by, the laws of this state, the department of insurance, financial institutions and professional registration rules and regulations, or aiding or abetting other persons to violate such laws, orders, rules, or regulations; (4) Obtaining or attempting to obtain any compensation as a surety recovery agent by means of fraud, deception, or misrepresentation; (6) Incompetence, misconduct, gross negligence, fraud, or misrepresentation in the performance of the functions or duties of a surety recovery agent;

2. After the filing of the complaint, the proceedings shall be conducted in accordance with the provisions of chapter 621. Upon a finding by the administrative hearing commission that one or more of the causes stated in subsection 1 of this section have been met, the director may suspend or revoke the license or enter into an agreement for a monetary or other penalty pursuant to section 374.280.

[3. In lieu of filing a complaint] with the administrative hearing commission, the director and the surety recovery agent may enter into an agreement for a monetary or other penalty pursuant to section 374.280.

Violations have taken place taking of money from people who are gps/electronic monitored no were in the chapter of 374 does it state taking of money for gps/electronic monitored which a lot of people have been put on in Missouri for just being charged for a crime, and nonconvicted are paying a excessive fines imposed, which violates United States Constitution Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.

[**Missouri Statute** 374.788. Apprehension standards for breach of surety agreement or absconding. — 1. A bail bond agent having probable grounds to believe a subject free on his or her bond has failed to appear as directed by a court, has breached the terms of the subject's surety agreement, or has taken a substantial step toward absconding may utilize all lawful means to apprehend the subject. To surrender a subject to a court, a licensed bail bond or surety recovery agent having probable grounds to believe the subject is free on his or her bond may:

(1) Detain the subject in a lawful manner, for a reasonable time, provided that in the event travel from another state is involved, the detention period may include reasonable travel time not to exceed seventy-two hours:

(2) Transport a subject in a lawful manner from state to state and county to county to a place of authorized surrender: and

(3) Enter upon private or public property in a lawful manner to execute apprehension of a subject.

2. A surety recovery agent who apprehends a subject pursuant to the provisions of subsection 1 of this section shall surrender custody of the subject to the court of jurisdiction.

3. When a surety recovery agent is in the process of performing fugitive recovery, a photographic identification card shall be prominently displayed on his or her person.] **Missouri Statute** 374.788 **Is in violation of another Missouri Statute 374.700 (10) "Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, captures and surrenders to the custody of a court a fugitive who has violated a bail bond agreement. and Missouri Statute 374.785 number 3., 374.788 has broken the Missouri statute 374.700(10) and Missouri Statute 374.789. Prohibited acts. 2. each stated hereafter Missouri Statute 374.700 (10) "Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, captures and surrenders to the custody of a court a fugitive who has violated a bail bond agreement. Missouri Statute 374.789. Prohibited acts. 2. Any person who engages in fugitive recovery in this state and wrongfully causes damage to any person or property, including, but not limited to, unlawful apprehension, unlawful detainment, or assault, shall be liable for such damages and may be liable for punitive damages. It violates the Missouri Constitution Bill of Rights Article I Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design. Section 10. That no person shall be deprived of life, liberty or property without due process of law. Section 14. That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay. Section 15. That the people shall be secure in their persons, papers,**

homes, effects, and electronic communications and data, from unreasonable searches and seizures; and no warrant to search any place, or seize any person or thing, or access electronic data or communication, shall issue without describing the place to be searched, or the person or thing to be seized, or the data or communication to be accessed, as nearly as may be; nor without probable cause, supported by written oath or affirmation. It violates The United States Constitution Amendment IV The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue. but upon probable cause. supported by oath or affirmation. and particularly describing the place to be searched. and the persons or things to be seized.

Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted. Amendment XIV Section 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws. Amendment I Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.

[Missouri statute 374.786. Renewal. procedure. 374.786. Renewal. procedure. — 1. Every person licensed pursuant to sections 374.783 to 374.789 shall. before the license renewal date. apply to the director for renewal for the ensuing licensing period. The application shall be made on a form furnished to the applicant and shall state the applicant's full name. the applicant's business address. the address at which the applicant resides. the date the applicant first received a license. and the applicant's surety recovery agent identification number. if any.

2. A renewal form shall be mailed to each person licensed in this state at the person's last known address. The failure to mail the renewal form or the failure of a person to receive it does not relieve any person of the duty to be licensed and to pay the license fee required nor exempt such person from the penalties provided for failure to be licensed.

3. Each applicant for renewal shall accompany such application with a renewal fee to be paid to the department for the licensing period for which renewal is sought.

4. The director may refuse to renew any license required pursuant to sections 374.783 to 374.789 for any one or any combination of causes stated in section 374.787. The director shall notify the applicant in writing of the reasons for refusal to renew and shall advise the applicant of his or her right to file a complaint with the administrative hearing commission as provided by chapter 621.]

The above Missouri Statutes with the brackets are unlawful as defined by Missouri statutes and unconstitutional by the Missouri constitution and The United States Constitution.

No were in chapter 374.695 to 374.789 does in state gps/electronic monitoring, nor paying fine for gps/electronic monitoring.

REGULATION OF BAIL BOND AGENTS

374.695 [illegible]

374.700 [illegible]

374.702 [illegible]

374.705 [illegible]

374.710 [illegible]

374.715 [illegible]

374.716 [illegible]

374.717 [illegible]

374.719 [illegible]

374.720 [illegible]

374.730 [illegible]

374.735 [illegible]

374.740 [illegible]

374.750 [illegible]

374.755 [illegible]

374.757 [illegible]

374.759 [illegible]

374.760 [illegible]

374.763 [illegible]

374.764 [illegible]

374.770 [illegible]

374.775 [illegible]

SURETY RECOVERY AGENTS

374.783 [illegible]

374.784 [illegible]

374.785 [illegible]

374.786 [illegible]

374.787 [illegible]

374.788 [illegible]

374.789 [illegible]

WORKERS' COMPENSATION RESIDUAL MARKET REPORT

TITLE XXIX BUSINESS AND FINANCIAL INSTITUTIONS

374.700. Definitions. — As used in sections 374.695 to 374.789, the following terms shall mean:

(1) **"Bail bond agent"**, a surety agent or an agent of a property bail bondsman who is duly licensed pursuant to the provisions of sections 374.695 to 374.789 and is employed by and is working under the authority of a licensed general bail bond agent;

(2) **"Bail bond or appearance bond"**, a bond for a specified monetary amount which is executed by the defendant and a qualified licensee pursuant to sections 374.695 to 374.789 and which is issued to a court or authorized officer as security for the subsequent court appearance of the defendant upon the defendant's release from actual custody pending the appearance;

(3) **"Department"**, the department of insurance, financial institutions and professional registration of the state of Missouri;

(4) **"Director"**, the director of the department of insurance, financial institutions and professional registration;

(5) **"General bail bond agent"**, a surety agent or a property bail bondsman, as defined in sections 374.700 to 374.775, who is licensed in accordance with sections 374.700 to 374.775 and who devotes at least fifty percent of his working time to the bail bond business in this state;

(6) **"Insurer"**, any surety insurance company which is qualified by the department to transact surety business in Missouri;

(7) **"Licensee"**, a bail bond agent or a general bail bond agent;

(8) **"Property bail bondsman"**, a person who pledges United States currency, United States postal money orders or cashier's checks or other property as security for a bail bond in connection with any judicial proceeding and who receives or is promised therefor money or other things of value;

(9) **"Surety bail bond agent"**, any person appointed by an insurer by power of attorney to execute or countersign bail bonds in connection with judicial proceedings and to be reimbursed or to procure money or other things of value therefor;

(10) **"Surety recovery agent"**, a person who performs the duties of a recovery peace officer who tracks down, captures and surrenders to the custody of a court a fugitive who has violated a bail bond agreement, excluding a bail bond agent or general bail bond agent;

(11) **"Taking a bail"** or **"take bail"**, the acceptance by a person authorized to take bail of the undertaking of a criminal surety for the appearance of the defendant according to the terms of the undertaking or that the surety will pay to the court the sum specified. Taking of bail or "to bail" does not include the fixing of the amount of bail and no person other than a competent court shall fix the amount of bail.

(L. 1983 S.B. 363 § 1, A.L. 2001 S.B. 267, A.L. 2004 S.B. 1122)

Effective 1-01-05

see footnote for 2005 changes

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Effective 01 Jan 2005, see footnote Chapter 374
TITLE XXIX BUSINESS AND FINANCIAL INSTITUTIONS

374.710. License required for bail bond agents, application, qualifications — exceptions. — 1. Except as otherwise provided in sections 374.695 to 374.775, no person or other entity shall practice as a bail bond agent or general bail bond agent, as defined in section 374.700, in Missouri unless and until the department has issued to him or her a license, to be renewed every two years as hereinafter provided, to practice as a bail bond agent or general bail bond agent.

2. An applicant for a bail bond and general bail bond agent license shall submit with the application proof that he or she has received twenty-four hours of initial basic training in areas of instruction in subjects determined by the director deemed appropriate to professionals in the bail bond profession. Bail bond agents and general bail bond agents who are licensed at the date which this act becomes law shall be exempt from such twenty-four hours of initial basic training.

3. In addition to the twenty-four hours of initial basic training to become a bail bond agent or general bail bond agent, there shall be eight hours of biennial continuing education for all bail bond agents and general bail bond agents to maintain their state license. The director shall determine said appropriate areas of instruction for said biennial continuing education. The director shall determine which institutions, organizations, associations, and individuals shall be eligible to provide the initial basic training and the biennial continuing education instruction. The department may allow state institutions, organizations, associations, or individuals to provide courses for the initial basic training and the biennial continuing education training. The cost shall not exceed two hundred dollars for the initial basic training and one hundred fifty dollars for biennial continuing education.

4. Upon completion of said basic training or biennial continuing education and the licensee meeting the other requirements as provided under sections 374.695 to 374.789, the director shall issue a two-year license for the bail bond agent or general bail bond agent for a fee not to exceed one hundred fifty dollars.

5. Nothing in sections 374.695 to 374.775 shall be construed to prohibit any person from posting or otherwise providing a bail bond in connection with any legal proceeding, provided that such person receives no fee, remuneration or consideration therefor.

(L. 1983 S.B. 363 § 1, A.L. 1995 S.B. 3, A.L. 2004 S.B. 1122)

Effective 1-01-05

* This act (S.B. 1122, 2004) contained effective dates of August 28, 2004, and January 1, 2005.

see footnote for 2005 changes
use this link to bookmark section 374.710

Effective 01 Jan 2005, see footnote Chapter 374

Title XXIV BUSINESS AND FINANCIAL INSTITUTIONS

374.717. Prohibited acts. — No insurer or licensee, court, or law enforcement officer shall:

(1) Pay a fee or rebate or give or promise anything of value in order to secure a settlement, compromise, remission, or reduction of the amount of any bail bond to:

(a) A jailer, police officer, peace officer, committing judge, or any other person who has power to arrest or to hold in custody any person; or

(b) Any public official or public employee.

(2) Pay a fee or rebate or give anything of value to an attorney in bail bond matters, except in defense of any action on a bond.

(3) Pay a fee or rebate or give anything of value to the principal or anyone on the principal's behalf.

(4) Accept anything of value from a principal except the premium and expenses incurred, provided that the licensee shall be permitted to accept collateral security or other indemnity from the principal in accordance with the provisions of section 374.719

(L. 2004 S.B. 1122)

Effective 1-01-05

end of effective 01 Jan 2005

use this link to bookmark section 374.717

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Effective 01 Jan 2005, see footnote Chapter 374

Title XXIV BUSINESS AND FINANCIAL INSTITUTIONS

374.719. Collateral security accepted, when — receipt required — used to reimburse costs, when — records to be retained. — 1. A licensee may accept collateral security from the principal in a fiduciary capacity, which collateral shall be returned upon final termination of liability on the bond. When a licensee accepts collateral, the licensee shall provide a prenumbered written receipt, which shall include a detailed account of the collateral received by the licensee. The acceptance of collateral security by a bail bond agent shall be reported to the general bail bond agent.

2. The collateral security required by the licensee shall be reasonable in relation to the amount of the bond.

3. If a failure to appear, absconding or attempting to abscond, or a judgment of forfeiture on the bond has occurred, the collateral security may be used to reimburse the licensee for any costs and expenses incurred associated with the forfeiture.

4. The general bail bond agent shall retain records of the acceptance, return, or judgment of forfeiture resulting in the use of the collateral to reimburse the licensee for a period of three years.

(L. 2004 S.B. 1122)

Effective 1-01-05

end of effective 01 Jan 2005

use this link to bookmark section 374.719

Effective 01 Jan 2017, see footnote Chapter 374

Title XXIV BUSINESS AND FINANCIAL INSTITUTIONS

374.757. Notification by agent of intention to apprehend — local law enforcement may accompany agent — violations, penalties. — 1. Any agent licensed by sections 374.695 to 374.775 who intends to apprehend any person in this state shall inform law enforcement authorities in the city or county in which such agent intends such apprehension, before attempting such apprehension. Such agent shall present to the local law enforcement authorities a certified copy of the bond and all other appropriate paperwork identifying the principal and the person to be apprehended. Local law enforcement may accompany the agent. Failure of any agent to whom this section applies to comply with the provisions of this section shall be a class A misdemeanor for the first violation and a class E felony for subsequent violations, and shall also be a violation of section 374.755 and may in addition be punished pursuant to that section.

2. The surety recovery agent shall inform the local law enforcement in the county or city where such agent is planning to enter a residence. Such agent shall have a certified copy of the bond and all appropriate paperwork to identify the principal. Local law enforcement, when notified, may accompany the surety recovery agent to that location to keep the peace if an active warrant is effective for a felony or misdemeanor. If a warrant is not active, the local law enforcement officers may accompany the surety recovery agent to such location. Failure to report to the local law enforcement agency is a class A misdemeanor. For any subsequent violations, failure to report to the local law enforcement agency is a class E felony.

(L. 2001 S.B. 267, A.L. 2004 S.B. 1122, A.L. 2014 S.B. 491)

Effective 1-01-17

End of effective 01 Jan 2017

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Effective 28 Aug 2004 Chapter 374

Title XXIV BUSINESS AND FINANCIAL INSTITUTIONS

374.783. Surety recovery agents, license required — director to license, powers. — 1. No person shall hold himself or herself out as being a surety recovery agent in this state, unless such person is licensed in accordance with the provisions of sections 374.783 to 374.789. Licensed bail bond agents and general bail bond agents may perform fugitive recovery without being licensed as a surety recovery agent.

2. The director shall have authority to license all surety recovery agents in this state. The director shall have control and supervision over the licensing of such agents and the enforcement of the terms and provisions of sections 374.783 to 374.789.

3. The director shall have the power to:

(1) Set and determine the amount of the fees authorized and required pursuant to sections 374.783 to 374.789. The fees shall be set at a level sufficient to produce revenue which shall not substantially exceed the cost and expense of administering sections 374.783 to 374.789. However, such fees shall not exceed one hundred fifty dollars for a two-year license; and

(2) Determine the sufficient qualifications of applicants for a license.

4. The director shall license for a period of two years all surety recovery agents in this state who meet the requirements of sections 374.783 to 374.789.

(L. 2004 S.B. 1122)

End of effective 28 Aug 2004

Effective 28 Aug 2007 Chapter 374

Title XXIV BUSINESS AND FINANCIAL INSTITUTIONS

374.280. Civil penalty or forfeiture ordered when, how enforced. — 1. The director may, after a hearing under section 374.046, order a civil penalty or forfeiture payable to the state of Missouri authorized by section 374.049, which penalty or forfeiture, if unpaid within ten days, may be recovered by a civil action brought by and in the name of the director under section 374.048. The civil action may be brought in the county which has venue of an action against the person, partnership or corporation under other provisions of law. The director may also suspend or revoke the license or certificate of authority of such person for any willful violation.

2. Nothing contained in this section shall be construed to prohibit the director and any person subject to an investigation, examination, or other proceeding from agreeing to a voluntary forfeiture of the sum mentioned herein without civil proceedings being instituted. Any sum so agreed upon shall be paid into the school fund as provided by law for other fines and penalties.

(L. 1967 p. 516, A.L. 1993 H.B. 709, A.L. 2007 S.B. 160)

(1982) Legislature did not expressly provide private cause of actions for violation of section 379.118, although director of division of insurance may suspend or revoke license of an insurer for any willful violation of chapter 374. Shqeir v. Equifax, Inc. (Mo. banc) 636 S.W.2d 944.

end of effective 28 Aug 2007

use this link to bookmark section 374.280

Effective 28 Aug 2010 Chapter 621

Title XL ADDITIONAL EXECUTIVE DEPARTMENTS

621.015. Administrative hearing commission, number of commissioners — qualifications, appointment, terms, compensation. — The "Administrative Hearing Commission" is assigned to the office of administration. It shall consist of no more than five commissioners. The commissioners shall be appointed by the governor with the advice and consent of the senate. The term of each commissioner shall be for six years and until his successor is appointed, qualified and sworn. The commissioners shall be attorneys at law admitted to practice before the supreme court of Missouri, but shall not practice law during their term of office. Each commissioner shall receive annual compensation of fifty-one thousand dollars plus any salary adjustment provided pursuant to section 105.005. Each commissioner shall also be entitled to actual and necessary expenses in the performance of his duties. The office of the administrative hearing commission shall be located in the City of Jefferson and it may employ necessary clerical assistance, compensation and expenses of the commissioners to be paid from appropriations made for that purpose.

(L. 1965 p. 277 § 1, A.L. 1977 H.B. 841, A.L. 1978 S.B. 661, A.L. 1984 S.B. 528, A.L. 1986 S.B. 426, A.L. 2005 H.B. 824, A.L. 2010 H.B. 1868)

Revisor's note: Salary adjustment index is printed, as required by § 105.005, in Appendix E.

< end of effective 28 Aug 2010 >

use this link to bookmark section 621.015

In accordance with Section 3.090, the language of statutory sections enacted during a legislative session are updated and available on this Contact
Revisor of Statutes
State of Missouri
Publications Constitution
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Effective 28 Aug 2011 Chapter 621

621.110. Commission's findings and recommendations — hearing by agency on disciplinary action. — Upon a finding in any cause charged by the complaint for which the license may be suspended or revoked as provided in the statutes and regulations relating to the profession or vocation of the licensee and within one hundred twenty days of the date the case became ready for decision, the commission shall deliver or transmit by mail to the agency which issued the license the record and a transcript of the proceedings before the commission together with the commission's findings of fact and conclusions of law. The commission may make recommendations as to appropriate disciplinary action but any such recommendations shall not be binding upon the agency. A copy of the findings of fact, conclusions of law and the commission's recommendations, if any, shall be delivered or transmitted by mail to the licensee if the licensee's whereabouts are known, and to any attorney who represented the licensee. Within thirty days after receipt of the record of the proceedings before the commission and the findings of fact, conclusions of law, and recommendations, if any, of the commission, the agency shall set the matter for hearing upon the issue of appropriate disciplinary action and shall notify the licensee of the time and place of the hearing; provided that such hearing may be waived by consent of the agency and licensee where the commission has made recommendations as to appropriate disciplinary action. In case of such waiver by the agency and licensee, the recommendations of the commission shall become the order of the agency. The licensee may appear at said hearing and be represented by counsel. The agency may receive evidence relevant to said issue from the licensee or any other source. After such hearing, the agency may order any disciplinary measure it deems appropriate and which is authorized by law. In any case where the commission fails to find any cause charged in the complaint for which the licensee may be suspended or revoked, the commission shall dismiss the complaint and so notify all parties.

(L. 1965 p. 277 § 5, A.L. 1978 S.B. 661, A.L. 2005 S.B. 75, A.L. 2011 H.B. 215)

< end of effective 28 Aug 2011 >

use this link to bookmark section 621.110

In accordance with Section 3.090, the language of statutory sections enacted during a legislative session are updated and available on the effective date of each revised statute.
Contact
▸ Other Information

Effective 01 Jan 2005, see footnote Chapter 374

Title XXIV BUSINESS AND FINANCIAL INSTITUTIONS

374.764. Alleged violations and complaints, procedure. — 1. The director shall examine and inquire into all alleged violations or complaints filed with the department of insurance, financial institutions and professional registration of the bail bond law of the state, and inquire into and investigate the bail bond business transacted in the state by any bail bond agent, general bail bond agent, or surety recovery agent.

2. The director or any of his or her duly appointed agents may compel the attendance before him or her, and may examine, under oath, the directors, officers, bail bond agents, general bail bond agents, surety recovery agents, employees, or any other person in reference to the condition, affairs, management of the bail bond or surety recovery business, or any matters relating thereto. He or she may administer oaths or affirmations and shall have power to summon and compel the attendance of witnesses and to require and compel the production of records, books, papers, contracts, or other documents if necessary.

3. The director may make and conduct the investigation in person or the director may appoint one or more persons to make and conduct the investigation. If made by a person other than the director, the person duly appointed by the director shall have the same powers as granted to the director pursuant to this section. A certificate of appointment under the official seal of the director shall be sufficient authority and evidence thereof for the person to act. For the purpose of making the investigations, or having the same made, the director may employ the necessary clerical, actuarial, and other assistance.

(L. 2004 S.B. 1122)

Effective 1-01-05

Revisor of Statutes
State of Missouri
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Effective 01 Jan 2005, see footnote Chapter 374

Title XXIV BUSINESS AND FINANCIAL INSTITUTIONS

374.785. License issued, when — reciprocity — apprehension of defendant, permitted where — fee. — 1. The director shall issue a license for a period of two years to any surety recovery agent who is licensed in another jurisdiction and who:

(1) Has no violations, suspensions, or revocations of a license to engage in fugitive recovery in any jurisdiction, and

(2) Is licensed in a jurisdiction whose requirements are substantially equal to or greater than the requirements for a surety recovery agent license in Missouri at the time the applicant applies for a license.

2. Any surety recovery agent who is licensed in another state shall also be subject to the same training requirements as in-state surety recovery agents prescribe to under section 374.784.

3. For the purpose of surrender of the defendant, a surety recovery agent may apprehend the defendant anywhere within the state of Missouri before or after the forfeiture of the undertaking without personal liability for false imprisonment or may empower any surety recovery agent to make apprehension by providing written authority endorsed on a certified copy of the undertaking and paying the lawful fees.

4. Every applicant for a license pursuant to this section, upon making application and showing the necessary qualifications as provided in this section, shall be required to pay the same fee as required of resident applicants. Within the limits provided in this section, the director may negotiate reciprocal compacts with licensing entities of other states for the admission of licensed surety recovery agents from Missouri in other states.

(L. 2004 S.B. 1122)

Effective 1-01-05

The date & time this happened 9/18/2017, 2:20 pm

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State of Missouri

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Words • And •

Did not find section 374.787. Use browser refresh (F5) to retry request. bidFalse

In accordance with Section 3.090, the language of statutory sections enacted during a legislative session are updated and available on this website on the effective date of such enacted statutory section.

Contact

• Other Information

• Missouri Legislature, all rights reserved.

MOGA

Site errors / suggestions - webmaster@LR.mo.gov

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State of Missouri

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Words • And •

Chapter 374

374.787. **Complaint procedure.** — 1. The director may cause a complaint to be filed with the administrative hearing commission as provided by chapter 621 against any surety recovery agent or any person who has failed to renew or has surrendered his or her license for any one or any combination of the following causes:

(1) Violation of any provisions of or any obligations imposed by the laws of this state, the department of insurance, financial institutions and professional registration rules and regulations or aiding or abetting other persons to violate such laws, orders, rules or regulations;

(2) Final adjudication or a plea of guilty or nolo contendere in a criminal prosecution under state or federal law for a felony or a crime involving moral turpitude, whether or not a sentence is imposed;

(3) Using fraud, deception, misrepresentation or bribery in securing a license or in obtaining permission to take any examination required by sections 374.785 to 374.790;

(4) Obtaining or attempting to obtain any compensation as a surety recovery agent by means of fraud, deception, or misrepresentation;

(5) Acting as a surety recovery agent or aiding or abetting another in acting as a surety recovery agent without a license;

(6) Incompetence, misconduct, gross negligence, fraud, or misrepresentation in the performance of the functions or duties of a surety recovery agent;

(7) Having a license revoked or suspended that was issued by another state.

2. After the filing of the complaint, the proceedings shall be conducted in accordance with the provisions of chapter 621. Upon a finding by the administrative hearing commission that one or more of the causes stated in subsection 1 of this section have been met, the director may suspend or revoke the license or enter into an agreement for a monetary or other penalty pursuant to section 374.280.

3. In lieu of filing a complaint with the administrative hearing commission, the director and the surety recovery agent may enter into an agreement for a monetary or other penalty pursuant to section 374.280.

4. In addition to any other remedies available, the director may issue a cease and desist order or may seek an injunction in a court of law pursuant to section 374.046 whenever it appears that any person is acting as a surety recovery agent without a license.

(L. 2014 S.B. 1122)

Effective 1st Jan. 2015

See this link to broken ink section 374.787

374.788. Apprehension standards for breach of surety agreement or absconding. — 1. A bail bond agent having probable grounds to believe a subject free on his or her bond has failed to appear as directed by a court, has breached the terms of the subject's surety agreement, or has taken a substantial step toward absconding may utilize all lawful means to apprehend the subject. To surrender a subject to a court, a licensed bail bond or surety recovery agent having probable grounds to believe the subject is free on his or her bond may:

(1) Detain the subject in a lawful manner, for a reasonable time, provided that in the event travel from another state is involved, the detention period may include reasonable travel time not to exceed seventy-two hours;

(2) Transport a subject in a lawful manner from state to state and county to county to a place of authorized surrender; and

(3) Enter upon private or public property in a lawful manner to execute apprehension of a subject.

2. A surety recovery agent who apprehends a subject pursuant to the provisions of subsection 1 of this section shall surrender custody of the subject to the court of jurisdiction.

3. When a surety recovery agent is in the process of performing fugitive recovery, a photographic identification card shall be prominently displayed on his or her person.

(L. 2004 S.B. 1122)

Effective 1-01-05

< end of effective 01 Jan 2005 >
use this link to bookmark section 374.788

In accordance with Section 3.090, the language of statutory sections enacted during a legislative session are updated and available on this website on the effective date of such enacted statutory section.
Contact

374.786. Renewal, procedure. — 1. Every person licensed pursuant to sections 374.783 to 374.789 shall, before the license renewal date, apply to the director for renewal for the ensuing licensing period. The application shall be made on a form furnished to the applicant and shall state the applicant's full name, the applicant's business address, the address at which the applicant resides, the date the applicant first received a license, and the applicant's surety recovery agent identification number, if any.

2. A renewal form shall be mailed to each person licensed in this state at the person's last known address. The failure to mail the renewal form or the failure of a person to receive it does not relieve any person of the duty to be licensed and to pay the license fee required nor exempt such person from the penalties provided for failure to be licensed.

3. Each applicant for renewal shall accompany such application with a renewal fee to be paid to the department for the licensing period for which renewal is sought.

4. The director may refuse to renew any license required pursuant to sections 374.783 to 374.789 for any one or any combination of causes stated in section 374.787. The director shall notify the applicant in writing of the reasons for refusal to renew and shall advise the applicant of his or her right to file a complaint with the administrative hearing commission as provided by chapter 621.

(L. 2004 S.B. 1122)

Effective 1-01-05

< end of effective 01 Jan 2005 >
use this link to bookmark section 374.786

In accordance with Section 3.090, the language of statutory sections enacted during a legislative session are updated and available on this website on the effective date of such enacted statutory section.
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► Other Information

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

October 5, 2017

RECEIVED
OCT 0 5 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Aron Worthan-Lomax regarding a proposed constitutional amendment to Article V (2018-290)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Aron Worthan-Lomax on October 5, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page NO _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of the State of Missouri:

We, the undersigned, registered voters of the State of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the Constitution shall be submitted to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 , and each for them self say; I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (City of St. Louis); my registered voting address and name of the city, town, or village in which I live are correctly written after my name .

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, BEING FIRST DULY SWORN, SAY (PRINT OR TYPE MAMES OF SIGNERS)
(Petition Circulator's Printed Name)

	Name/Signature	Date	Street/Address	Zip	Dist	Name/Print
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OCT 0 5 2017
MO. SECRETARY OF STATE

signed this page of the forgoing petition, and each of them signed his or her name thereto in my presents; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the State of Missouri and _____County.

FURTHERMORE, I HEARBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do _____do not_____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, _____ Notary Public (Seal)

_____ _____
Signature of Notary Address

My commission expires:

Be it resolved by the people of the State of Missouri that the Constitution be amended

Article V of the Constitution is revised by amending Section 19, 25(a)(b)(c)(d)(e)(f)(g) to read as follows:

Terms of judges.

Section 19. Judges of the supreme court shall be elected for terms of eight years, the court of appeals shall be for a term of six years, judges of the circuit courts for terms of four years, and associate circuit judges for terms of four years. This section shall not be construed to deprive any member of the general assembly of the right to introduce any bill, except that any bill introduced by a member of the general assembly and passes by the general assembly that alters, amends, or repeal section 19 proposed through the initiative and subsequently approved by the voters shall not take effect unless and until it is also approved by the voters.

Election of judges.

Section 25(a). Judges of the supreme court, the court of appeals, or in the office of circuit or associate circuit shall be elected. All election of judges shall be had at the general state elections, except when the general assembly shall order a special election. Any appointment of judges shall take effect when approved by a majority of the votes casted thereon, and not otherwise. This section shall not be construed to deprive any member of the general assembly of the right to introduce any bill, except that any bill introduced by a member of the general assembly and passes by the general assembly that alters, amends, or repeal section 25(a) proposed through the initiative and subsequently approved by the voters shall not take effect unless and until it is also approved by the voters.

Adoption of plan in other circuits--petitions and elections--form of petition ballots.
Section 25(b). Shall be replaced.

Tenure of judges--declaration of candidacy.

Section 25(c)(1). Each judge elected pursuant to the provisions of sections 25(a) shall hold office for a term ending December thirty-first. Any unelected judge holding office at the time, by which the provisions of sections 25(a) become applicable to his office, shall, unless removed for cause, remain in office for a term not to exceed nine months. Any qualified attorney may file in the office of the secretary of state a declaration of candidacy for election pursuant to the provisions of sections 25(a) If a declaration is filed, his name shall be submitted at the next said election or special election to the voters eligible to vote within the state if the office is that of judge of the supreme court, or within the geographic jurisdiction limit of the district where he serves if his office is that of a judge of the court of appeals, or within the circuit if his office is that of circuit judge, or within the county if his office is that of associate circuit judge.
This section shall become section 25(b)

Certification of names upon declaration--law applicable to elections.

Section 25(c)(2). Whenever a declaration of candidacy for election is filed the secretary of state shall not less than thirty days before the election certify the name to the clerks of the county courts, and to the boards of election commissioners in counties or cities having such boards, or to such other officials as may hereafter be provided by law, of all counties and cities wherein the question of such office is to be submitted to the voters, and, until legislation shall be expressly provided otherwise therefor, the judicial ballots required by this section shall be prepared, printed, published and distributed, and the election upon the question of such office shall be conducted and the votes counted, canvassed, returned, certified and proclaimed by such public officials in such manner as is now provided by the statutory law.
This section shall become section 25(c)

Nonpartisan judicial commissions--number, qualifications, selection and terms of members--majority rule--reimbursement of expenses--rules of supreme court.
Section 25(d). Shall be replaced.

Payment of expenses.
Section 25(e). Shall be replaced.

Prohibition of political activity by judges.

Section 25(f). No judge of any court in this state, elected in office in the manner prescribed in sections 25(a) shall directly or indirectly make any contribution to or hold any office in a political party or organization, or take part in any political campaign.
This section shall become section 25(d)

Self-enforceability.

Section 25(g). All of the provisions of sections 25 shall be self-enforcing except those as to which action by the general assembly may be required.
This section shall become section 25(e)

Section (f)-(g) shall be deleted.

Terms of judges.

Section 19. Judges of the supreme court shall be elected for terms of eight years, the court of appeals shall be for a term of six years, judges of the circuit courts for terms of four years, and associate circuit judges for terms of four years. This section shall not be construed to deprive any member of the general assembly of the right to introduce any bill, except that any bill introduced by a member of the general assembly and passes by the general assembly that alters, amends, or repeal section 19 proposed through the initiative and subsequently approved by the voters shall not take effect unless and until it is also approved by the voters.

Election of judges.

Section 25(a). Judges of the supreme court, the court of appeals, or in the office of circuit or associate circuit shall be elected. All election of judges shall be had at the general state elections, except when the general assembly shall order a special election. Any appointment of judges shall take effect when approved by a majority of the votes casted thereon, and not otherwise. This section shall not be construed to deprive any member of the general assembly of the right to introduce any bill, except that any bill introduced by a member of the general assembly and passes by the general assembly that alters, amends, or repeal section 25(a) proposed through the initiative and subsequently approved by the voters shall not take effect unless and until it is also approved by the voters.

Tenure of judges--declaration of candidacy.

Section 25(c)(1). Each judge elected pursuant to the provisions of sections 25(a) shall hold office for a term ending December thirty-first. Any unelected judge holding office at the time, by which the provisions of sections 25(a) become applicable to his office, shall, unless removed for cause, remain in office for a term not to exceed nine months. Any qualified attorney may file in the office of the secretary of state a declaration of candidacy for election pursuant to the provisions of sections 25(a) If a declaration is filed, his name shall be submitted at the next said election or special election to the voters eligible to vote within the state if the office is that of judge of the supreme court, or within the geographic jurisdiction limit of the district where he serves if his office is that of a judge of the court of appeals, or within the circuit if his office is that of circuit judge, or within the county if his office is that of associate circuit judge.

Certification of names upon declaration--law applicable to elections.

Section 25(c). Whenever a declaration of candidacy for election is filed the secretary of state shall not less than thirty days before the election certify the name to the clerks of the county courts, and to the boards of election commissioners in counties or cities having such boards, or to such other officials as may hereafter be provided by law, of all counties and cities wherein the question of such office is to be submitted to the voters, and, until legislation shall be expressly provided otherwise therefor, the judicial ballots required by this section shall be prepared, printed, published and distributed, and the election upon the question of such office shall be conducted and the votes counted, canvassed, returned, certified and proclaimed by such public officials in such manner as is now provided by the statutory law.

Prohibition of political activity by judges.

Section 25(d). No judge of any court in this state, elected in office in the manner prescribed in sections 25(a) shall directly or indirectly make any contribution to or hold any office in a political party or organization, or take part in any political campaign.

Self-enforceability.

Section 25(e). All of the provisions of sections 25 shall be self-enforcing except those as to which action by the general assembly may be required.

Section (f) and (g). **Shall be deleted.**

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

October 4, 2017

RECEIVED
OCT 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Aron Worthan-Loux regarding a proposed constitutional amendment to Chapter V (2018-289)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Aron Worthan-Loux on October 4, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page NO _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of the State of Missouri:

We, the undersigned, registered voters of the State of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the Constitution shall be submitted to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 , and each for them self say; I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (City of St. Louis); my registered voting address and name of the city, town, or village in which I live are correctly written after my name .

RECEIVED
OCT 04 2017
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, BEING FIRST DULY SWORN, SAY (PRINT OR TYPE MAMES OF SIGNERS)
(Petition Circulator's Printed Name)

	Name/Signature	Date	Street/Address	Zip	Dist	Name/Print
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signed this page of the forgoing petition, and each of them signed his or her name thereto in my presents; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the State of Missouri and _____County,

FURTHERMORE, I HEARBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do _____do not_____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, _____ Notary Public (Seal)

_____ _____
Signature of Notary Address

My commission expires:

Be it resolved by the people of the State of Missouri that the Constitution be amended

Article V of the Constitution is revised by amending Section 25(a) to read as follows:

Election of Judges

Section 25(a) Judges of the supreme court, the court of appeals, or in the office of circuit or associate circuit shall be elected. All election of judges shall be had at the general state elections, except when the general assembly shall order a special election. Any appointment of judges shall take effect when approved by a majority of the votes casted thereon, and not otherwise. This section shall not be construed to deprive any member of the general assembly of the right to introduce any bill, except that any bill introduced by a member of the general assembly and passes by the general assembly that alters, amends, or repeal section 25(a) proposed through the initiative and subsequently approved by the voters shall not take effect unless and until it is also approved by the voters.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 29, 2017

RECEIVED
SEP 29 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Brian Hagg regarding a proposed statutory amendment to Chapters 217, 544, and 557 (2018-288)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Brian Hagg on September 29, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

Initiative petition for law or constitutional amendment, form—clerical and technical errors to be disregarded, penalties for false signature.—The following shall be substantially the form of each page of each petition for any law or amendment to the Constitution of the state of Missouri proposed by the initiative: County ..... Page No. ..... It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION To the Honorable ....., Secretary of State for the state of Missouri: We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the ..... day of ....., ..., and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title) ..... CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF ..... I, ..., being first duly sworn.

NAME SIGNED	DATE	REGISTERED VOTING ADDRESS	ZIP CODE	CONGR. DIST.	NAME Printed

RECEIVED
SEP 29 2017
MO. SECRETARY OF STATE

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition. If paid, list the payer .... Signature of Affiant (Person obtaining signatures) ..... (Printed Name of Affiant) ..... Address of Affiant Subscribed and sworn to before me this ..... day of ....., A.D. .... Signature of Notary ..... Address of Notary Notary Public (Seal) My commission expires ..... If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors.

Chapter 217 Department of Corrections

DEPARTMENT, ORGANIZATION, POWERS AND RESPONSIBILITIES

HOUSE ARREST PROGRAM

217.541 House arrest program, department to establish and regulate — limited release, when — offenders to fund program — arrest warrant may be issued by probation or parole officer, when. (1/1/2017)

217.542 Failure to return to house arrest, felony. (1/1/2017)

217.543 House arrest authorized for certain prisoners — jailer to establish program — remote electronic surveillance allowed — percentage of prisoner's wage to pay cost — violation penalty — (St. Louis City). (1/1/2017)

Missouri Statute 217.541 House arrest program, department to establish and regulate — limited release, when — offenders to fund program — arrest warrant may be issued by probation or parole officer, when.

Title XIII CORRECTIONAL AND PENAL INSTITUTIONS

217.541. House arrest program, department to establish and regulate – limited release, when – offenders to fund program – arrest warrant may be issued by probation or parole officer, when. – 1. The department shall by rule establish a program of house arrest. The director or his designee may extend the limits of confinement of offenders serving sentences for class D or E felonies who have one year or less remaining prior to release on parole, conditional release, or discharge to participate in the house arrest program.

2. The offender referred to the house arrest program shall remain in the custody of the department and shall be subject to rules and regulations of the department pertaining to offenders of the department until released on parole or conditional release by the state board of probation and parole.

3. The department shall require the offender to participate in work or educational or vocational programs and other activities that may be necessary to the supervision and treatment of the offender.

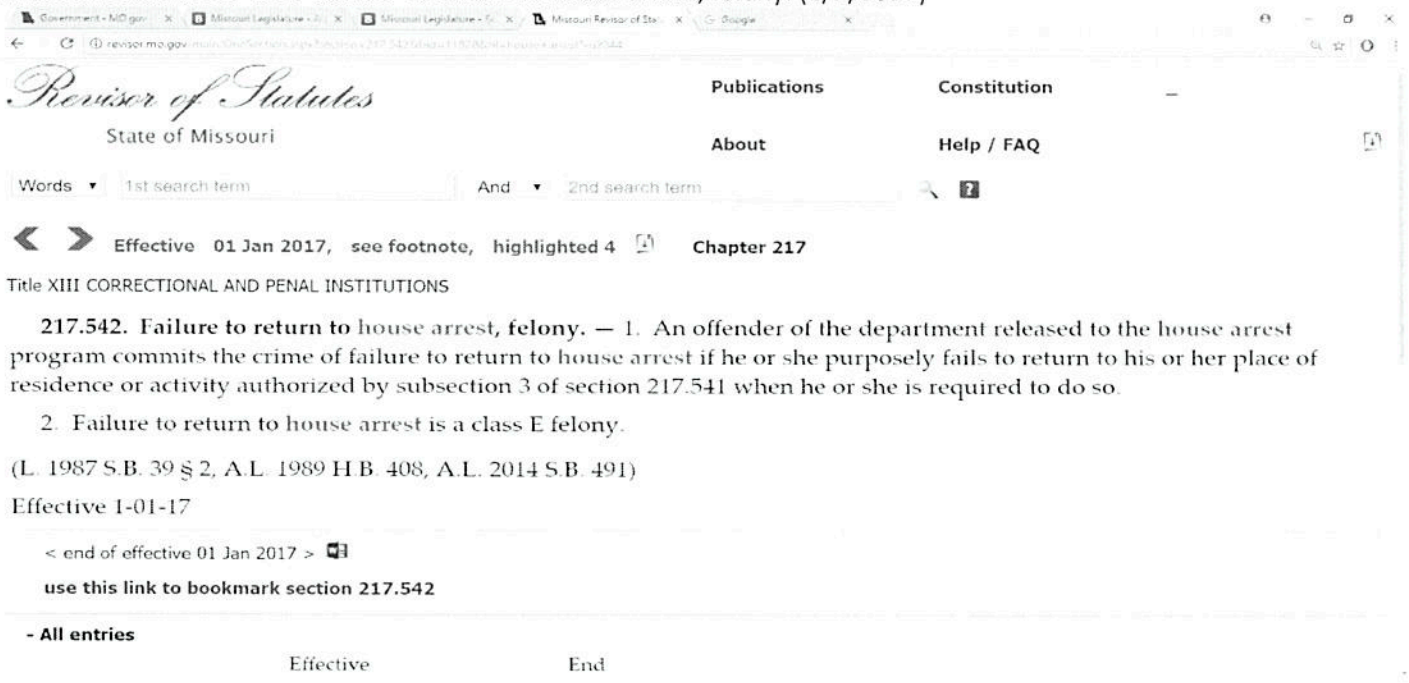
4. An offender released to house arrest shall be authorized to leave his place of residence only for the purpose and time necessary to participate in the program and activities authorized in subsection 3 of this section.

5. The board of probation and parole shall supervise every offender released to the house arrest program and shall verify compliance with the requirements of this section and such other rules and regulations that the department shall promulgate and may do so by remote electronic surveillance. If any probation/parole officer has probable cause to believe that an offender under house arrest has violated a condition of the house arrest agreement, the probation/parole officer may issue a warrant for the arrest of the offender. The probation/parole officer may effect the arrest or may deputize any officer with the power of arrest to do so by giving the officer a copy of the warrant which shall outline the circumstances of the alleged violation. The warrant delivered with the offender by the arresting officer to the official in charge of any jail or other detention facility to which the offender is brought shall be sufficient legal authority for detaining the offender. An offender arrested under this section shall remain in custody or incarcerated without consideration of bail. The director or his designee, upon recommendation of the probation and parole officer, may direct the return of any offender from house arrest to a correctional facility of the department for reclassification.

6. Each offender who is released to house arrest shall pay a percentage of his wages, established by department rules, to a maximum of the per capita cost of the house arrest program. The money received from the offender shall be deposited in the inmate fund and shall be expended to support the house arrest program.

(L. 1987 S.B. 39 § 1, A.L. 1989 H.B. 408, A.L. 1990 H.B. 974, A.L. 2014 S.B. 491)

Missouri Statute 217.542 Failure to return to house arrest, felony. (1/1/2017)



Revisor of Statutes
State of Missouri

Publications Constitution
About Help / FAQ

Words 1st search term And 2nd search term

Effective 01 Jan 2017, see footnote, highlighted 4 Chapter 217

Title XIII CORRECTIONAL AND PENAL INSTITUTIONS

217.542. Failure to return to house arrest, **felony.** — 1. An offender of the department released to the house arrest program commits the crime of failure to return to house arrest if he or she purposely fails to return to his or her place of residence or activity authorized by subsection 3 of section 217.541 when he or she is required to do so.

2. Failure to return to house arrest is a class E felony.

(L. 1987 S.B. 39 § 2, A.L. 1989 H.B. 408, A.L. 2014 S.B. 491)

Effective 1-01-17

< end of effective 01 Jan 2017 >

use this link to bookmark section 217.542

- All entries

Effective End

217.543 House arrest authorized for certain prisoners — jailer to establish program — remote electronic surveillance allowed — percentage of prisoner's wage to pay cost — violation penalty — (St. Louis City). (1/1/2017)

Effective 01 Jan 2017, see footnote, highlighted 10 Chapter 217

Title XIII CORRECTIONAL AND PENAL INSTITUTIONS

217.543. House arrest **authorized for certain prisoners — jailer to establish program — remote electronic surveillance allowed — percentage of prisoner's wage to pay cost — violation penalty — (St. Louis City).** — 1. The jailer of any city not within a county having custody of pretrial detainees or persons serving sentences for violation of state or local laws may establish a program of house arrest consistent with the provisions of this section.

2. Such jailer shall by rule establish a program of house arrest. Such jailer may extend the limits of confinement for pretrial detainees or persons serving sentences for violation of state or local laws.

3. The inmate or detainee shall remain an inmate of such jailer and shall be subject to the rules and regulations of the house arrest program.

4. Such jailer shall require the inmate or detainee to participate in work or educational or vocational programs and other activities that may be necessary to the supervision and treatment of the inmate or detainee.

5. An inmate or detainee released to house arrest shall be authorized to leave his or her place of residence only for the purpose and time necessary to participate in the programs and activities authorized.

6. Such jailer shall supervise every inmate or detainee released to the house arrest program and shall verify compliance with the requirements set forth for each person so released and such other rules and regulations that such jailer shall promulgate, and may do so by remote electronic surveillance. Such jailer may direct to any peace officer the return of any inmate or detainee from house arrest for violation of the conditions of release.

7. Each inmate or detainee who is released on house arrest shall pay a percentage of his or her wages to cover the costs of house arrest, such amount to be established by the jailer.

8. An inmate released to the house arrest program pursuant to this section commits the crime of escape from custody if such inmate purposely fails to return to his or her place of residence or activity as established by the jailer when he or she is required to do so. Escape from custody is a class E felony.

(L. 1991 H.B. 566, A.L. 2014 S.B. 491)

Title XXXVIII CRIMES AND PUNISHMENT; PEACE OFFICERS AND PUBLIC DEFENDERS
Chapter 557 General Sentencing Provisions
Missouri Statute 557.011 Authorized dispositions. (8/28/2013

557.011. Authorized dispositions. – 1. Every person found guilty of an offense shall be dealt with by the court in accordance with the provisions of this chapter, except that for offenses defined outside this code and not repealed, the term of imprisonment or the fine that may be imposed is that provided in the statute defining the offense; however, the conditional release term of any sentence of a term of years shall be determined as provided in subsection 4 of section 558.011.

2. Whenever any person has been found guilty of a felony or a misdemeanor the court shall make one or more of the following dispositions of the offender in any appropriate combination. The court may:

(1) Sentence the person to a term of imprisonment as authorized by chapter 558;

(2) Sentence the person to pay a fine as authorized by chapter 560;

(3) Suspend the imposition of sentence, with or without placing the person on probation;

(4) Pronounce sentence and suspend its execution, placing the person on probation;

(5) Impose a period of detention as a condition of probation, as authorized by section 559.026.

3. Whenever any person has been found guilty of an infraction, the court shall make one or more of the following dispositions of the offender in any appropriate combination. The court may:

(1) Sentence the person to pay a fine as authorized by chapter 560;

(2) Suspend the imposition of sentence, with or without placing the person on probation;

(3) Pronounce sentence and suspend its execution, placing the person on probation.

4. Whenever any organization has been found guilty of an offense, the court shall make one or more of the following dispositions of the organization in any appropriate combination. The court may:

(1) Sentence the organization to pay a fine as authorized by chapter 560;

(2) Suspend the imposition of sentence, with or without placing the organization on probation;

(3) Pronounce sentence and suspend its execution, placing the organization on probation;

(4) Impose any special sentence or sanction authorized by law.

5. This chapter shall not be construed to deprive the court of any authority conferred by law to decree a forfeiture of property, suspend or cancel a license, remove a person from office, or impose any other civil penalty. An appropriate order exercising such authority may be included as part of any sentence.

6. In the event a sentence of confinement is ordered executed, a court may order that an individual serve all or any portion of such sentence on electronic monitoring; except that all costs associated with the electronic monitoring shall be charged to the person on house arrest. If the judge finds the person unable to afford the costs associated with electronic monitoring, the judge may order that the person be placed on house arrest with electronic monitoring if the county commission agrees to pay the costs of such monitoring. If the person on house arrest is unable to afford the costs associated with electronic monitoring and the county commission does not agree to pay from the general revenue of the county the costs of such electronic monitoring, the judge shall not order that the person be placed on house arrest with electronic monitoring.

[Missouri Statute **217.541. House arrest program**, department to establish and regulate — limited release, when — offenders to fund program — arrest warrant may be issued by probation or parole officer, when. — 1. **The department shall by rule establish a program of house arrest. The director or his designee may extend the limits of confinement of offenders serving sentences for class D or E felonies who have one year or less remaining prior to release on parole, conditional release, or discharge to participate in the house arrest program....2. 3. 4. 5. 6. Each offender who is released to house arrest shall pay a percentage of his wages, established by department rules, to a maximum of the per capita cost of the house arrest program. The money received from the offender shall be deposited in the inmate fund and shall be expended to support the house arrest program.]**

[Missouri Statute **217.542. Failure to return to house arrest, felony. — 1. An offender of the department released to the house arrest program commits the crime of failure to return to house arrest if he or she purposely fails to return to his or her place of residence or activity authorized by subsection 3 of section 217.541 when he or she is required to do so. 2. Failure to return to house arrest is a class E felony.]**

[Missouri Statute **217.543. House arrest authorized for certain prisoners — jailer to establish program — remote electronic surveillance allowed — percentage of prisoner's wage to pay cost — violation penalty — (St. Louis City). — 1. The jailer of any city not within a county having custody of pretrial detainees or persons serving sentences for violation of state or local laws may establish a program of house arrest consistent with the provisions of this section... 2. 3. 4. 5. 6. 7. 8. An inmate released to the house arrest program pursuant to this section commits the crime of escape from custody if such inmate purposely fails to return to his or her place of residence or activity as established by the jailer when he or she is required to do so. Escape from custody is a class E felony.]**

Missouri Statute **557.011. Authorized dispositions. — 1. Every person found guilty of an offense shall be dealt with by the court in accordance with the provisions of this chapter,** except that for offenses defined outside this code and not repealed, **the term of imprisonment or the fine that may be imposed is that provided in the statute defining the offense**; however, the conditional release term of any sentence of a term of years shall be determined as provided in subsection 4 of section 558.011.

2. (2.) 3. (1.) 4.(1).sentence the person to pay fines authorized by chapter 558.011

[6. **In the event a sentence of confinement is ordered executed, a court may order that an individual serve all or any portion of such sentence on electronic monitoring; except that all costs associated with the electronic monitoring shall be charged to the person on house arrest.** If the judge finds the person unable to afford the costs associated with electronic monitoring, the judge may order that the person be placed **on house arrest with electronic monitoring if the county commission agrees to pay the costs of such monitoring.** If the person on house arrest is unable to afford the costs associated with electronic monitoring and the county commission does not agree to pay from the general revenue of the county the costs of such electronic monitoring, **the judge shall not order that the person be placed on house arrest with electronic monitoring.]**

A.L. 2011 H.B. 111, A.L. 2013 H.B. 215 merged with H.B. 374 & 434 merged with S.B. 327)

Missouri Statute **217.541, 217.542, 217.543, did not have a court or jury as the statutes say who is in charge of house arrest and electronic monitoring, which came about in 2014 with S.B. 491,** Missouri Statute **557.011 on house arrest with electronic monitoring tell 2013 A.L. 2011 H.B. 111, A.L. 2013 H.B. 215 merged with H.B. 374 & 434 merged with S.B. 327) It**

violates the Missouri Constitution Bill of Rights Article I Section 10 That no person shall be deprived of life, liberty or property without due process of law. Section 14. That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay.
Violates the United States Constitutional **Amendment VIII Excessive bail shall not be required, nor excessive fines imposed,** nor cruel and unusual punishments inflicted. Also **Amendment XIVSection 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law**; nor deny to any person within its jurisdiction the equal protection of the laws.

Here is where the violation of due process rights and equal protection under the law for persons charged with a bailable offence, are treated the same as persons found guilty in Missouri Statute 544.455 as stated below…

Ch. 544 Arrest, Examination, Commitment and Bail
[Missouri Statute **544.455. Release of person charged, when — conditions which may be imposed. — 1. Any person charged with a bailable offense, at his or her appearance before an associate circuit judge or judge may be ordered released pending trial, appeal, or other stage of the proceedings against him on his personal recognizance, unless the associate circuit judge or judge determines, in the exercise of his discretion, that such a release will not reasonably assure the appearance of the person as required. When such a determination is made, the associate circuit judge or judge may either in lieu of or in addition to the above methods of release, impose any or any combination of the following conditions of release which will reasonably assure the appearance of the person for trial:**
(6) **Place the person on house arrest with electronic monitoring; except that all costs associated with the electronic monitoring shall be charged to the person on house arrest**. If the judge finds the person unable to afford the costs associated with electronic monitoring, **the judge may order that the person be placed on house arrest with electronic monitoring if the county commission agrees to pay from the general revenue of the county the costs of such monitoring**. If the person on house arrest is unable to afford the costs associated with electronic monitoring and the county commission does not agree to pay the costs of such electronic monitoring, **the judge shall not order that the person be placed on house arrest with electronic monitoring;**
(7) Impose any other condition deemed reasonably necessary to assure appearance as required, including a condition requiring that the person return to custody after specified hours.
2. In determining which conditions of release will reasonably assure appearance, the associate circuit judge or judge shall, on the basis of available information, take into account the nature and circumstances of the offense charged, the weight of the evidence

against the accused, the accused's family ties, employment, financial resources, character and mental condition, the length of his residence in the community, his record of convictions, and his record of appearance at court proceedings or flight to avoid prosecution or failure to appear at court proceedings.

3. An associate circuit judge or judge authorizing the release of a person under this section shall issue an appropriate order containing a statement of the conditions imposed, if any, shall inform such person of the penalties applicable to violations of the conditions of his release and shall advise him that a warrant for his arrest will be issued immediately upon any such violation.

4. A person for whom conditions of release are imposed and who after twenty-four hours from the time of the release hearing continues to be detained as a result of his inability to meet the conditions of release, shall, upon application, be entitled to have the condition reviewed by the associate circuit judge or judge who imposed them. The motion shall be determined promptly.

5. An associate circuit judge or judge ordering the release of a person on any condition specified in this section may at any time amend his order to impose additional or different conditions of release; except that, if the imposition of such additional or different conditions results in the detention of the person as a result of his inability to meet such conditions or in the release of the person on a condition requiring him to return to custody after specified hours, the provisions of subsection 4 of this section shall apply.

6. Information stated in, or offered in connection with, any order entered pursuant to this section need not conform to the rules pertaining to the admissibility of evidence in a court of law.

7. Nothing contained in this section shall be construed to prevent the disposition of any case or class of cases by forfeiture of collateral security where such disposition is authorized by the court.

8. Persons charged with violations of municipal ordinances may be released by a municipal judge or other judge who hears and determines municipal ordinance violation cases of the municipality involved under the same conditions and in the same manner as provided in this section for release by an associate circuit judge.

9. A circuit court may adopt a local rule authorizing the pretrial release on electronic monitoring pursuant to subdivision (6) of subsection 1 of this section in lieu of incarceration of individuals charged with offenses specifically identified therein.]
A.L. 2011 H.B. 111, A.L. 2013 H.B. 215 merged with H.B. 374 & 434 merged with S.B. 327) Missouri Statute **544.455 did not have house arrest with electronic monitoring; tell the above House and Senate bills passed in 2013.** Missouri Statute 544.455**. does not state who is in charge of house arrest persons nor where the money from house arrest with electronic monitoring; goes to. Somehow the money from Missouri Statute 544.455 from house arrest with electronic monitoring goes to private bail/bond companies, NO statement in the statute. It violates the Missouri Constitution Bill of Rights Article I Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design. Section 10. That no person shall be deprived of life, liberty or property**

without due process of law. Section 14. That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay. Section 15. That the people shall be secure in their persons, papers, homes, effects, and electronic communications and data, from unreasonable searches and seizures; and no warrant to search any place, or seize any person or thing, or access electronic data or communication, shall issue without describing the place to be searched, or the person or thing to be seized, or the data or communication to be accessed, as nearly as may be; nor without probable cause, supported by written oath or affirmation. Section 19. That no person shall be compelled to testify against himself in a criminal cause, nor shall any person be put again in jeopardy of life or liberty for the same offense,…

It violates The United States Constitution Amendment IV The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

Amendment V No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces, or in the militia, when in actual service in time of war or public danger; **nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law;** nor shall private property be taken for public use, without just compensation. **Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.**

Amendment XIV Section 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws. Amendment I Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.

Missouri Statute 544.455 Release of person charged, when — conditions which may be imposed. (8/28/2013)

Effective 28 Aug 2013, highlighted 5 Chapter 544

Title XXXVII CRIMINAL PROCEDURE

544.455. Release of person charged, when – conditions which may be imposed. – 1. Any person charged with a bailable offense, at his or her appearance before an associate circuit judge or judge may be ordered released pending trial, appeal, or other stage of the proceedings against him on his personal recognizance, unless the associate circuit judge or judge determines, in the exercise of his discretion, that such a release will not reasonably assure the appearance of the person as required. When such a determination is made, the associate circuit judge or judge may either in lieu of or in addition to the above methods of release, impose any or any combination of the following conditions of release which will reasonably assure the appearance of the person for trial:

(1) Place the person in the custody of a designated person or organization agreeing to supervise him;

(2) Place restriction on the travel, association, or place of abode of the person during the period of release;

(3) Require the execution of a bail bond with sufficient solvent sureties, or the deposit of cash in lieu thereof;

(4) Require the person to report regularly to some officer of the court, or peace officer, in such manner as the associate circuit judge or judge directs;

(5) Require the execution of a bond in a given sum and the deposit in the registry of the court of ten percent, or such lesser percent as the judge directs, of the sum in cash or negotiable bonds of the United States or of the state of Missouri or any political subdivision thereof;

(6) Place the person on house arrest with electronic monitoring; except that all costs associated with the electronic monitoring shall be charged to the person on house arrest. If the judge finds the person unable to afford the costs associated with electronic monitoring, the judge may order that the person be placed on house arrest with electronic monitoring if the county commission agrees to pay from the general revenue of the county the costs of such monitoring. If the person on house arrest is unable to afford the costs associated with electronic monitoring and the county commission does not agree to pay the costs of such electronic monitoring, the judge shall not order that the person be placed on house arrest with electronic monitoring;

(7) Impose any other condition deemed reasonably necessary to assure appearance as required, including a condition requiring that the person return to custody after specified hours.

2. In determining which conditions of release will reasonably assure appearance, the associate circuit judge or judge shall, on the basis of available information, take into account the nature and circumstances of the offense charged, the weight of the evidence against the accused, the accused's family ties, employment, financial resources, character and mental condition,

State of Missouri Websi | Missouri Revisor of Stat
revisor.mo.gov/main/OneSection.aspx?section=544.455&bid=23745&hl=

(7) Impose any other condition deemed reasonably necessary to assure appearance as required, including a condition requiring that the person return to custody after specified hours.

2. In determining which conditions of release will reasonably assure appearance, the associate circuit judge or judge shall, on the basis of available information, take into account the nature and circumstances of the offense charged, the weight of the evidence against the accused, the accused's family ties, employment, financial resources, character and mental condition, the length of his residence in the community, his record of convictions, and his record of appearance at court proceedings or flight to avoid prosecution or failure to appear at court proceedings.

3. An associate circuit judge or judge authorizing the release of a person under this section shall issue an appropriate order containing a statement of the conditions imposed, if any, shall inform such person of the penalties applicable to violations of the conditions of his release and shall advise him that a warrant for his arrest will be issued immediately upon any such violation.

4. A person for whom conditions of release are imposed and who after twenty-four hours from the time of the release hearing continues to be detained as a result of his inability to meet the conditions of release, shall, upon application, be entitled to have the condition reviewed by the associate circuit judge or judge who imposed them. The motion shall be determined promptly.

5. An associate circuit judge or judge ordering the release of a person on any condition specified in this section may at any time amend his order to impose additional or different conditions of release; except that, if the imposition of such additional or different conditions results in the detention of the person as a result of his inability to meet such conditions or in the release of the person on a condition requiring him to return to custody after specified hours, the provisions of subsection 4 of this section shall apply.

6. Information stated in, or offered in connection with, any order entered pursuant to this section need not conform to the rules pertaining to the admissibility of evidence in a court of law.

7. Nothing contained in this section shall be construed to prevent the disposition of any case or class of cases by forfeiture of collateral security where such disposition is authorized by the court.

8. Persons charged with violations of municipal ordinances may be released by a municipal judge or other judge who hears and determines municipal ordinance violation cases of the municipality involved under the same conditions and in the same manner as provided in this section for release by an associate circuit judge.

9. A circuit court may adopt a local rule authorizing the pretrial release on electronic monitoring pursuant to subdivision (6) of subsection 1 of this section in lieu of incarceration of individuals charged with offenses specifically identified therein.

(L. 1972 H.B. 1160, A.L. 1978 H.B. 1634, A.L. 2011 H.B. 111, A.L. 2013 H.B. 215 merged with H.B. 374 & 434 merged with S.B. 327)

(1976) Provisions as to issuance of an appropriate order containing a statement of the conditions imposed and warning of consequences of failure to appear do not apply to persons released under the provisions of § 544.665. State v. Adams (A.), 532 S.W.2d 524.

< end of effective 28 Aug 2013 >

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 29, 2017

RECEIVED
SEP 29 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Brian Hagg regarding a proposed statutory amendment to Chapters 558 and 559 (2018-287)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Brian Hagg on September 29, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

Initiative petition for law or constitutional amendment, form—clerical and technical errors to be disregarded, penalties for false signature.—The following shall be substantially the form of each page of each petition for any law or amendment to the Constitution of the state of Missouri proposed by the initiative: County ..... Page No. ..... It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION To the Honorable ....., Secretary of State for the state of Missouri: We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the ..... day of ....., ..., and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title) ..... CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF ..... I, ..., being first duly sworn.

NAME SIGNED	DATE	REGISTERED VOTING ADDRESS	ZIP CODE	CONGR. DIST.	NAME Printed

RECEIVED
SEP 29 2017
MO. SECRETARY OF STATE

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition. If paid, list the payer .... Signature of Affiant (Person obtaining signatures) ..... (Printed Name of Affiant) ..... Address of Affiant Subscribed and sworn to before me this ..... day of ....., A.D. .... Signature of Notary ..... Address of Notary Notary Public (Seal) My commission expires ..... If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors

Missouri Statute **559.026 Detention condition of probation. [**Any person placed on probation in a county of the first class or second class or in any city with a population of five hundred thousand or more and detained as herein provided shall be subject to all provisions of section 221.170, **even though he was not convicted and sentenced to a jail or workhouse.**(1) In misdemeanor cases, the period of detention under this section shall **not exceed the shorter of thirty days or the maximum term of imprisonment authorized for the misdemeanor by chapter 558.** (2) **In felony cases, the period of detention under this section shall not exceed one hundred twenty days]**....Not the Whole Missouri Statute its Screen printed on the next page.

Missouri Statute **558.011. Sentence of imprisonment, terms — conditional release. —** 1. The authorized terms of imprisonment, including both prison and conditional release terms, are: (1) For a class A felony, a term of years not less than ten years and not to exceed thirty years, or life imprisonment;(2) For a class B felony, a term of years not less than five years and not to exceed fifteen years;(3) For a class C felony, a term of years not less than three years and not to exceed ten years; (4) For a class D felony, a term of years not to exceed seven years;(5) For a class E felony, a term of years not to exceed four years; **(6) For a class A misdemeanor, a term not to exceed one year; (7) For a class B misdemeanor, a term not to exceed six months; (8) For a class C misdemeanor, a term not to exceed fifteen days...**Not the whole Missouri Statute its Screen printed on the next page.

In the Last paragraph of 559.026the first, second class city or a population of five hundred thousand or more and detained as herein provided shall be subject to all provisions of section 221.170, **even though he was not convicted and sentenced to a jail or workhouse. How can someone not convicted & sentenced be placed in detention? Was not convicted & and sentenced to a jail or workhouse. Then Missouri Statute 559.012 Did not take place so points (1) and (2) is the reason probation is given. So what probation is the not convicted on that they get detention?** Missouri Statute 559.012. **Eligible for probation, when. — The court may place a person on probation for a specific period upon conviction of any offense or upon suspending imposition of sentence** if, having regard to the nature and circumstances of the offense and to the history and character of the defendant, the court is of the opinion that: (1) Institutional confinement of the defendant is not necessary for the protection of the public; and (2) The defendant is in need of guidance, training or other assistance which, in his or her case, can be effectively administered through probation supervision.
Missouri Statute 559.026 Detention condition of probation is unconstitutional the above lines show not convicted and sentenced to a jail or workhouse. It violates the Missouri Constitution Bill of Rights Article I Section 10. That no person shall be deprived of life, liberty or property without due process of law. Section 14. That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay. Violates the United States Constitutional **Amendment VIII Excessive bail shall not be required, nor excessive fines imposed,** nor cruel and unusual punishments inflicted. Also **Amendment XIVSection 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life,**

liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.
Point 1 of Missouri Statute 559.26 Detention condition of probation Any person placed on probation in a county of the first class or second class or in any city with a population of five hundred thousand or more and detained as herein provided shall be subject to all provisions of section 221.170, **even though he was not convicted and sentenced to a jail or workhouse. (1) In misdemeanor cases, the period of detention under this section shall not exceed the shorter of thirty days or the maximum term of imprisonment authorized for the misdemeanor by chapter 558, the Statute give a misdemeanor offender more imprisonment than a Felony offender.**

Missouri Statute 559.026 Detention condition of probation is unconstitutional the above lines shown. Because it gives a misdemeanor on probation more Detention than a felony. It violates the Missouri Constitution Bill of Rights Article I Section 10. That no person shall be deprived of life, liberty or property without due process of law. Section 14. That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay. Violates the United States Constitutional **Amendment VIII** Excessive bail shall not be required, nor excessive fines imposed**, nor cruel and unusual punishments inflicted**. Also **Amendment XIVSection 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law**; nor deny to any person within its jurisdiction the equal protection of the laws.

This statute also treats each felony offender the same when 558.011 has different classes of felony offences. Each class should have a different time period for detention condition of probation.

The screen prints of the whole Missouri Statute 559.26 & 558.011

Revisor of Statutes
State of Missouri

Publications Constitution
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Words 1st search term And 2nd search term

Effective 28 Aug 2004 Chapter 559

Title XXXVIII CRIMES AND PUNISHMENT; PEACE OFFICERS AND PUBLIC DEFENDERS

559.026. Detention condition of probation. — Except in infraction cases, when probation is granted, the court, in addition to conditions imposed pursuant to section 559.021, may require as a condition of probation that the offender submit to a period of detention up to forty-eight hours after the determination by a probation or parole officer that the offender violated a condition of continued probation or parole in an appropriate institution at whatever time or intervals within the period of probation, consecutive or nonconsecutive, the court shall designate, or the board of probation and parole shall direct. Any person placed on probation in a county of the first class or second class or in any city with a population of five hundred thousand or more and detained as herein provided shall be subject to all provisions of section 221.170, even though he was not convicted and sentenced to a jail or workhouse.

(1) In misdemeanor cases, the period of detention under this section shall not exceed the shorter of thirty days or the maximum term of imprisonment authorized for the misdemeanor by chapter 558.

(2) In felony cases, the period of detention under this section shall not exceed one hundred twenty days.

(3) If probation is revoked and a term of imprisonment is served by reason thereof, the time spent in a jail, half-way house, honor center, workhouse or other institution as a detention condition of probation shall be credited against the prison or jail term served for the offense in connection with which the detention condition was imposed.

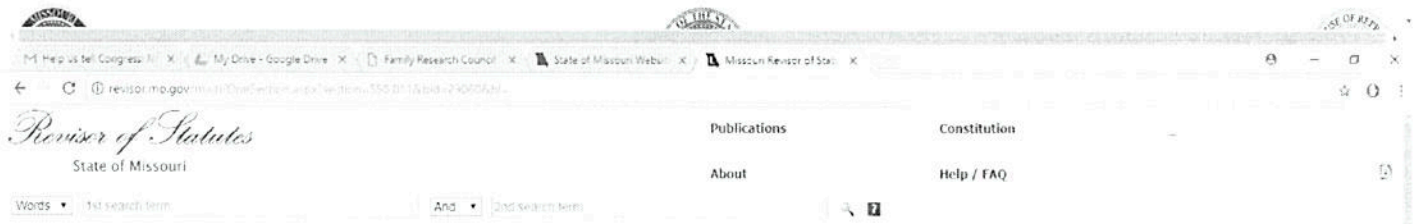
(L. 1977 S.B. 60, A.L. 1995 H.B. 424, A.L. 2003 S.B. 5, A.L. 2004 S.B. 1211)

< end of effective 28 Aug 2004 >

use this link to bookmark section 559.026

In accordance with Section **3.090**, the language of statutory sections enacted during a legislative session are updated and available on this website **on the effective date** of such enacted statutory section. Contact

▸ Other Information



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Words 1st search term And 2nd search term

Effective 01 Jan 2017, see footnote Chapter 558

Title XXXVIII CRIMES AND PUNISHMENT; PEACE OFFICERS AND PUBLIC DEFENDERS

558.011. Sentence of imprisonment, terms — conditional release. — 1. The authorized terms of imprisonment, including both prison and conditional release terms, are:

(1) For a class A felony, a term of years not less than ten years and not to exceed thirty years, or life imprisonment;

(2) For a class B felony, a term of years not less than five years and not to exceed fifteen years;

(3) For a class C felony, a term of years not less than three years and not to exceed ten years;

(4) For a class D felony, a term of years not to exceed seven years;

(5) For a class E felony, a term of years not to exceed four years;

(6) For a class A misdemeanor, a term not to exceed one year;

(7) For a class B misdemeanor, a term not to exceed six months;

(8) For a class C misdemeanor, a term not to exceed fifteen days.

2. In cases of class D and E felonies, the court shall have discretion to imprison for a special term not to exceed one year in the county jail or other authorized penal institution, and the place of confinement shall be fixed by the court. If the court imposes a sentence of imprisonment for a term longer than one year upon a person convicted of a class D or E felony, it shall commit the person to the custody of the department of corrections.

3. (1) When a regular sentence of imprisonment for a felony is imposed, the court shall commit the person to the custody of the department of corrections for the term imposed under section 557.036, or until released under procedures established elsewhere by law.

(2) A sentence of imprisonment for a misdemeanor shall be for a definite term and the court shall commit the person to the county jail or other authorized penal institution for the term of his or her sentence or until released under procedure established elsewhere by law.

4. (1) Except as otherwise provided, a sentence of imprisonment for a term of years for felonies other than dangerous felonies as defined in section 556.061, and other than sentences of imprisonment which involve the individual's fourth or subsequent remand to the department of corrections shall consist of a prison term and a conditional release term. The conditional

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 29, 2017

RECEIVED
SEP 29 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Brian Hagg regarding a proposed statutory amendment to Chapters 558 and 560 (2018-286)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Brian Hagg on September 29, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

Initiative petition for law or constitutional amendment, form—clerical and technical errors to be disregarded, penalties for false signature.—The following shall be substantially the form of each page of each petition for any law or amendment to the Constitution of the state of Missouri proposed by the initiative: County ..... Page No. ..... It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION To the Honorable ....., Secretary of State for the state of Missouri: We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the ..... day of ....., ..., and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title) ..... CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF ..... I, ..., being first duly sworn.

NAME SIGNED	DATE	REGISTERED VOTING ADDRESS	ZIP CODE	CONGR. DIST.	NAME Printed

RECEIVED
SEP 29 2017
MO. SECRETARY OF STATE

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition. If paid, list the payer .... Signature of Affiant (Person obtaining signatures) ..... (Printed Name of Affiant) ..... Address of Affiant Subscribed and sworn to before me this ..... day of ....., A.D. .... Signature of Notary ..... Address of Notary Notary Public (Seal) My commission expires ..... If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors

New statute 558.002.1 continued has 2 different fine amounts for same offence, for persons convicted of C or D felony is either $5000 or at the top of first page beginning of statute states $10,000. Also the fine amount for corporation for a misdemeanor is just 10,000, but that is for every type the old statute had different fine amounts for different misdemeanor of A,B,C. this is unconstitutional no equal protection of the law which is a violation of the XIV of united states constitution.

The updated 560.011 is not the only Missouri statute that this558.002 replaced as it replaced 560.011,560.016 and 560.021. 560.016 and 560.021 on http://revisor.mo.gov/main/OneChapter.aspx?chapter=560 states that they are (Repealed L. 2014 S.B. 491) (1/1/2017). The www.moga.mo.gov not working since July of 2017.

[Missouri statute 558.002. Fines for felonies. — 1. Except as otherwise provided for an offense outside this code, a person who has been convicted of an offense may be sentenced to pay a fine which does not exceed:

(1) For a class C, D, or E felony, ten thousand dollars;

(2) For a class A misdemeanor, two thousand dollars;

(3) For a class B misdemeanor, one thousand dollars;

(4) For a class C misdemeanor, seven hundred fifty dollars;

(5) For a class D misdemeanor, five hundred dollars;

(6) For an infraction, four hundred dollars;] or

(7) If the person has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the person's gain from the commission of the offense.

[2. A sentence to pay a fine, when imposed on a corporation for an offense defined in this code or for any offense defined outside this code for which no specific corporate fine is specified, shall be a sentence to pay an amount, fixed by the court, which does not exceed:

(1) For a felony, twenty thousand dollars;

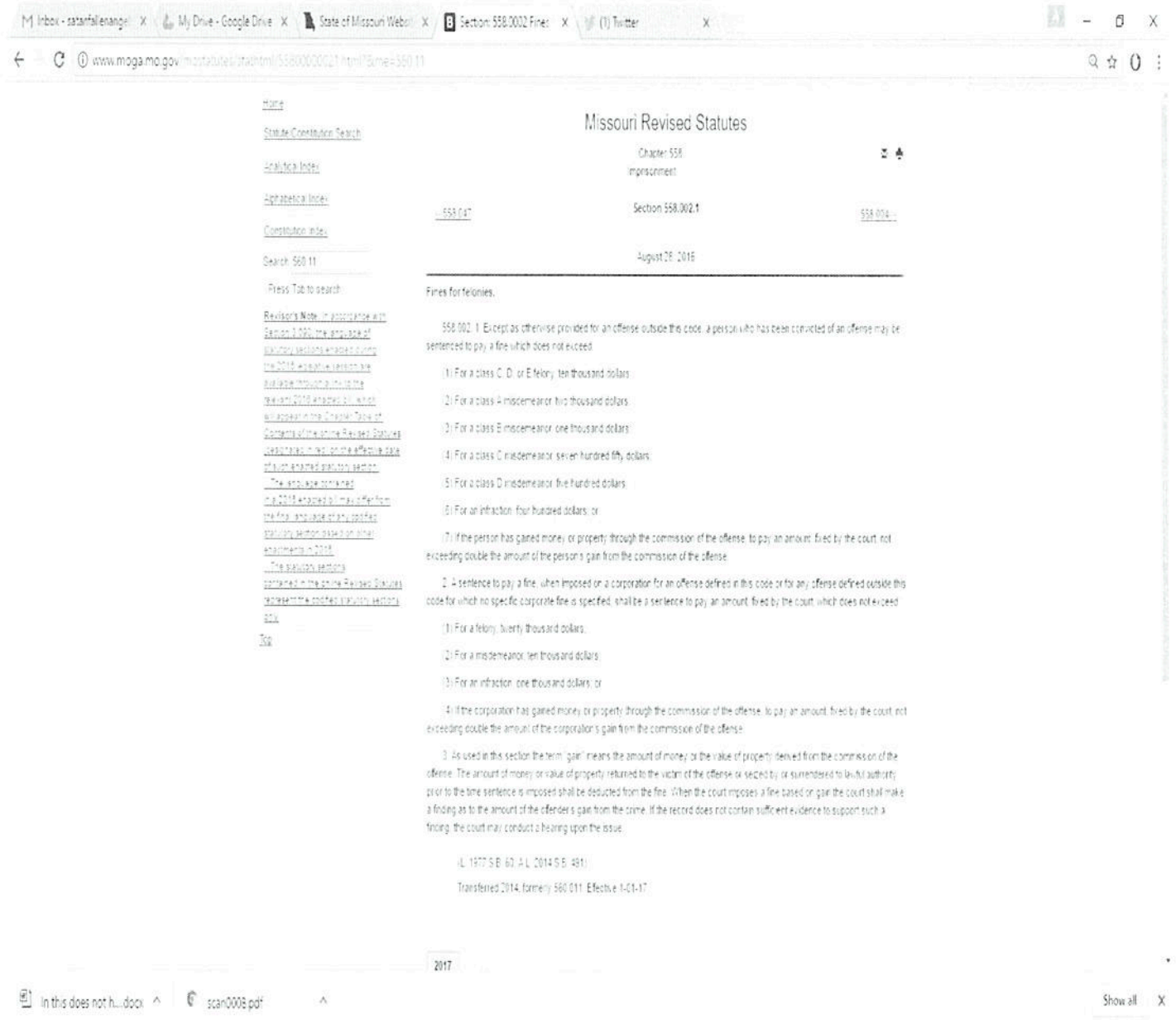
(2) For a misdemeanor, ten thousand dollars;

(3) For an infraction, one thousand dollars;] or

(4) If the corporation has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the corporation's gain from the commission of the offense.

3. As used in this section the term "gain" means the amount of money or the value of property derived from the commission of the offense. The amount of money or value of property returned to the victim of the offense or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

Missouri statute 558.002 because each fine amount has increased Violates the United States Constitutional **Amendment VIII Excessive bail shall not be required, nor excessive fines imposed,** nor cruel and unusual punishments inflicted. Also **Amendment XIVSection 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law**; nor deny to any person within its jurisdiction the equal protection of the laws. **It violates the Missouri Constitution Bill of Rights Article I Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design. Section 10. That no person shall be deprived of life, liberty or property without due process of law.**



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www.moga.mo.gov/mostatutes/stathtml/55800000021.html?lang=560.11

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Revisor's Note: In accordance with Section 3.090, the language of statutory sections enacted during the 2016 regular session are available without revision in the revised 2016 enactment, which will appear in the Table of Contents of the online Revised Statutes beginning with the effective date of such enacted statutory sections.

The language contained in a 2016 enactment may differ from the final language of any codified statutory section listed in other enactments in 2016.

The statutory sections contained in the online Revised Statutes replace the codified statutory sections xlsx.

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Missouri Revised Statutes

Chapter 558
Imprisonment

‹ 558.047	Section 558.002.1	558.004 ›

August 28, 2016

Fines for felonies.

558.002. 1. Except as otherwise provided for an offense outside this code, A person who has been convicted of an offense may be sentenced to pay a fine which does not exceed

(1) For a class C, D, or E felony, ten thousand dollars;

(2) For a class A misdemeanor, two thousand dollars;

(3) For a class B misdemeanor, one thousand dollars;

(4) For a class C misdemeanor, seven hundred fifty dollars;

(5) For a class D misdemeanor, five hundred dollars;

(6) For an infraction, four hundred dollars; or

(7) If the person has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the person's gain from the commission of the offense.

2. A sentence to pay a fine, when imposed on a corporation for an offense defined in this code or for any offense defined outside this code for which no specific corporate fine is specified, shall be a sentence to pay an amount, fixed by the court, which does not exceed

(1) For a felony, twenty thousand dollars;

(2) For a misdemeanor, ten thousand dollars;

(3) For an infraction, one thousand dollars; or

(4) If the corporation has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the corporation's gain from the commission of the offense.

3. As used in this section, the term "gain" means the amount of money or the value of property derived from the commission of the offense. The amount of money or value of property returned to the victim of the offense or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain, the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

(L. 1977 S.B. 60, A.L. 2014 S.B. 491)

Transferred 2014, formerly 560.011. Effective 1-01-17

2017

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Revisor's Note: In accordance with Section 7.330, the amendment of statutory sections enacted during the 2016 legislative session and subsequent amendments to the relevant 2016 enactment will appear in the Chapter Table of Contents of the online Revised Statutes designated with both the effective date of such amended statutory section.

The amendments contained in a 2016 enactment may differ from the final amendments of any modified statutory section passed by other enactments in 2016.

The statutory sections contained in the online Revised Statutes represent the modified statutory sections only.

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(6) For an infraction, four hundred dollars; or

(7) If the person has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the person's gain from the commission of the offense.

2. A sentence to pay a fine, when imposed on a corporation for an offense defined in this code or for any offense defined outside this code for which no specific corporate fine is specified, shall be a sentence to pay an amount, fixed by the court, which does not exceed:

(1) For a felony, twenty thousand dollars;

(2) For a misdemeanor, ten thousand dollars;

(3) For an infraction, one thousand dollars; or

(4) If the corporation has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the corporation's gain from the commission of the offense.

3. As used in this section, the term "gain" means the amount of money or the value of property derived from the commission of the offense. The amount of money or value of property returned to the victim of the offense or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain, the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

(L. 1977 S.B. 60. A.L. 2014 S.B. 491)

Transferred 2014; formerly 560.011; Effective 1-01-17

2017

2017 (Transferred now: 556.030.0002)

560.11. 1. A person who has been convicted of a class C or D felony may be sentenced:

(1) To pay a fine which does not exceed five thousand dollars; or

(2) If the offender has gained money or property through the commission of the crime, to pay an amount, fixed by the court, not exceeding double the amount of the offender's gain from the commission of the crime. An individual offender may be fined not more than twenty thousand dollars under this provision.

2. As used in this section, the term "gain" means the amount of money or the value of property derived from the commission of the crime. The amount of money or value of property returned to the victim of the crime or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain, the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

3. The provisions of this section shall not apply to corporations.

Top

Missouri General Assembly

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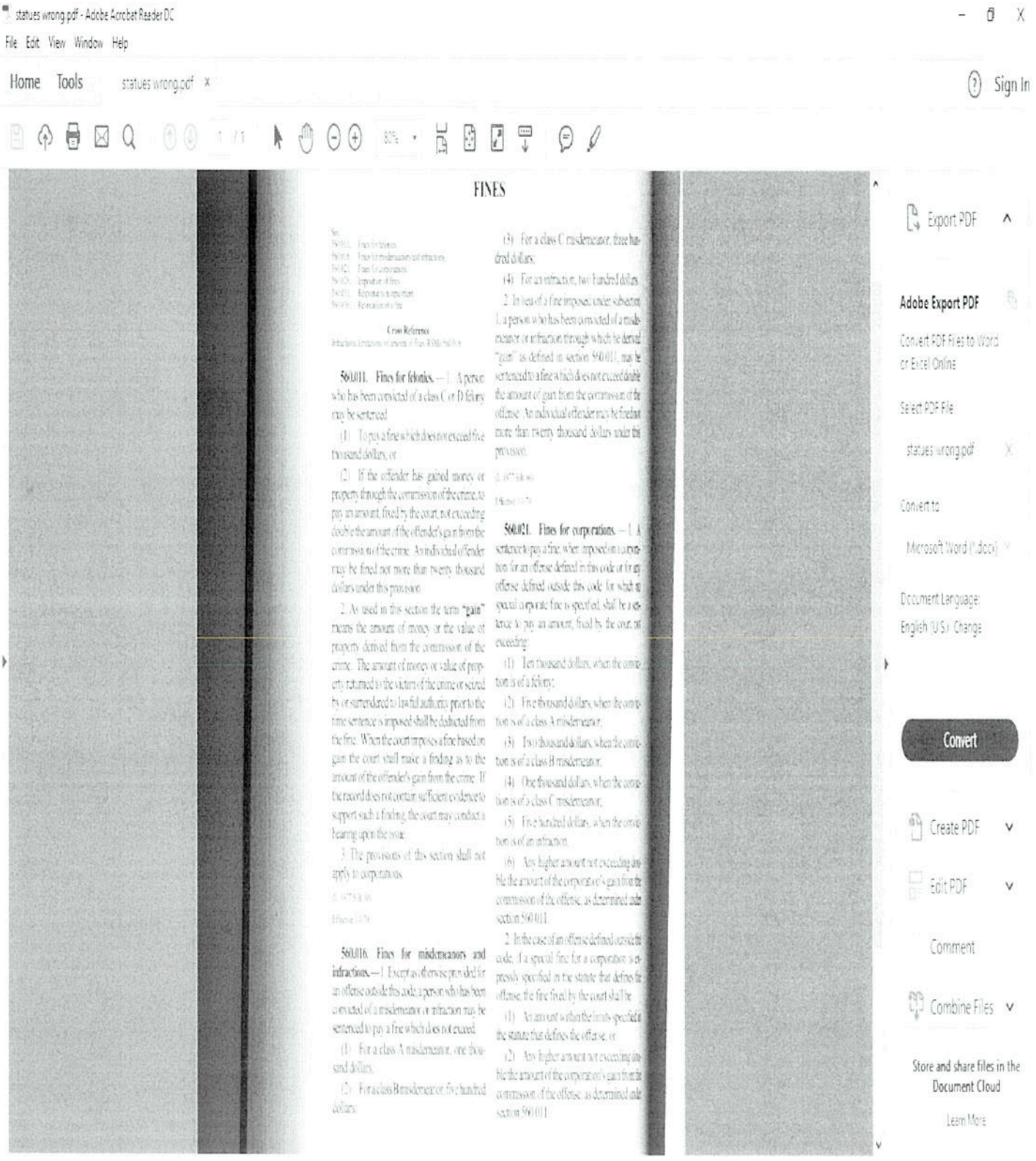
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§60.011. Fines for felonies. — 1. A person who has been convicted of a class C or D felony may be sentenced
(1) To pay a fine which does not exceed five thousand dollars, or
(2) If the offender has gained money or property through the commission of the crime, to pay an amount, fixed by the court, not exceeding double the amount of the offender's gain from the commission of the crime. An individual offender may be fined not more than twenty thousand dollars under this provision.
2. As used in this section the term "gain" means the amount of money or the value of property derived from the commission of the crime. The amount of money or value of property returned to the victims of the crime or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.
3. The provisions of this section shall not apply to corporations.
§60.016. Fines for misdemeanors and infractions. — 1. Except as otherwise provided for an offense outside this code, a person who has been convicted of a misdemeanor or infraction may be sentenced to pay a fine which does not exceed
(1) For a class A misdemeanor, one thousand dollars;
(2) For a class B misdemeanor, five hundred dollars;
(3) For a class C misdemeanor, three hundred dollars;
(4) For an infraction, two hundred dollars.
2. In lieu of a fine imposed under subsection 1, a person who has been convicted of a misdemeanor or infraction through which he derived "gain" as defined in section 560.011, may be sentenced to a fine which does not exceed double the amount of gain from the commission of the offense. An individual offender may be fined not more than twenty thousand dollars under this provision.
§60.021. Fines for corporations. — 1. A sentence to pay a fine when imposed on a corporation for an offense defined in this code or for any offense defined outside this code for which no special corporate fine is specified, shall be a sentence to pay an amount, fixed by the court, not exceeding
(1) Ten thousand dollars, when the conviction is of a felony;
(2) Five thousand dollars, when the conviction is of a class A misdemeanor;
(3) Two thousand dollars, when the conviction is of a class B misdemeanor;
(4) One thousand dollars, when the conviction is of a class C misdemeanor;
(5) Five hundred dollars, when the conviction is of an infraction.
(6) Any higher amount not exceeding double the amount of the corporation's gain from the commission of the offense, as determined under section 560.011.
2. In the case of an offense defined outside this code, if a special fine for a corporation is expressly specified in the statute that defines the offense, the fine fixed by the court shall be
(1) An amount within the limits specified in the statute that defines the offense; or
(2) Any higher amount not exceeding double the amount of the corporation's gain from the commission of the offense, as determined under section 560.011.
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JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 26, 2017

RECEIVED
SEP 26 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 115 (2018-285)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on September 26, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
SEP 26 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

Signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County

FUTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OR PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORG.ERY.

I am at least 18 years of age. I do___ do not___(check one) expect to be paid for circulating this petition. If paid, list the payer_____

Signature of Affiant (person obtaining signatures) _____ Street address of Affiant_____

Printed name of Affiant_____ City, State, and zip code of Affiant_____

Subscribed and sworn to me this_____ day of _____A.D._____

Signature of Notary_____ Notary Public (Seal)

Address of Notary_____ My commission expires _/_/____

Be it enacted by the General Assembly of the State of Missouri:

*Chapter **115.135**, RSMo, is amended to provide automatic voter registration. Chapter 115.427. 1. and 115.427. **1. RSMo, will be amended to reflect changes in Chapter **115.135**, RSMo:*

115.135. Persons entitled to register, when— identification required— military service, registration, when. — 1. Any person who is qualified to vote, or who shall become qualified to vote on or before the day of election, shall be entitled to register in the jurisdiction within which he or she resides. In order to vote in any election for which registration is required, a person must be registered to vote in the jurisdiction of his or her residence no later than 5:00 p.m., or the normal closing time of any public building where the registration is being held if such time is later than 5:00 p.m., on the fourth Wednesday prior to the election, unless the voter is an interstate former resident, an intrastate new resident, a new resident, or a covered voter, as defined in section 115.275. Except as provided in subsection 4 of this section, in no case shall registration for an election extend beyond 10:00 p.m. on the fourth Wednesday prior to the election. Any person registering after such date shall be eligible to vote in subsequent elections.

2. A person applying to register with an election authority or a deputy registration official shall identify himself or herself by presenting a copy of a birth certificate, a Native American tribal document, other proof of United States citizenship, a valid Missouri drivers license or other form of personal identification at the time of registration.

3. Except as provided in federal law or federal elections and in section 115.277, no person shall be entitled to vote if the person has not registered to vote in the jurisdiction of his or her residence prior to the deadline to register to vote.

4. A covered voter as defined in section 115.275 who has been discharged from military service, has returned from a military deployment or activation, or has separated from employment outside the territorial limits of the United States after the deadline to register to vote, and who is otherwise qualified to register to vote, may register to vote in an election in person before the election authority until 5:00 p.m. on the Friday before such election. Such persons shall produce sufficient documentation showing evidence of qualifying for late registration pursuant to this section.

5. Registration at the division of motor vehicles.

(a) Every person applying at the division of motor vehicles for a driver's license or a renewal of the license, or personal identification document issued by the division of motor vehicles, and who is or may be by the next general election qualified to vote, shall be afforded the opportunity to register to vote, or if previously registered, be afforded the opportunity to change their address for voting purposes.

(b) The application to register to vote must be offered simultaneously with the application for the driver's license or renewal of it or application for a personal identification document. Division of motor vehicles employees must provide to applicants for driver's licenses, license renewal, or personal identification documents the same level of assistance and instruction with respect to the application to register to vote as is provided with respect to the application for driver's licenses, renewal of the license, or personal identification documents. The applicant shall be afforded the opportunity to decline to register to vote by failing to sign the voter registration form. If previously registered, the applicant shall be afforded the opportunity to change their address for voting purposes.

In order to protect the privacy of those who do not wish to register to vote for any reason, the failure of an applicant for a driver's license or renewal of it or a personal identification document to sign the voter

registration form register to vote may not be used for any purposes other than to determine the person's voter registration status.

(c) The voter registration application shall contain the registrant's name, residence address, mailing address if different from residence address, date of birth, and registrant's signature and date of affixation of signature, and may include any other information, certifications, and declarations, including those made under the penalty of perjury, that may be required by the state board in order to administer a single and unified system of voter registration in accordance with applicable state and federal laws which shall enable duly registered voters to vote in all elections in their respective voting districts including, elections for federal officers. Declarations will include signature on a form provided by the division of motor vehicles stating under penalty of law that they are a US citizen. Certifications may include utility bills, bank statements, rent receipts or other equivalent items to show proof of address. Applications for voter registration only will not be required to present a birth certificate or photo ID. Certifications showing place of residences are all that will be necssary. If there are doubts of citizenship, then **115.135.5** will be followed with the state utilizing **115.135.5**. The department of motor vehicles or agent may not question citizenship from applicant. Any doubts will be sent to the state board of elections for a follow up investigation. The voter registration application must also include, in print identical to that used in the attestation portion of the form, the following:

(i) The penalties provided by law for submitting a false voter registration;

(ii) A statement that, if the applicant declines to register to vote, his or her decision will remain confidential and be used only for voter registration purposes; and

(iii) A statement that, if the applicant does register to vote, information regarding the office or branch of the division of motor vehicles to which the application was submitted will remain confidential, to be used only for voter registration purposes.

It shall be the responsibility of the division of motor vehicles to print and to have available at all times a sufficient number of voter registration forms and declaration of citizenship in order to carry out the provisions of this section. If the division of motor vehicles or agents fail to have the required forms, the state or its agent will personally delivery and complete the forms at the applicant's place of residence.

(d) The completed voter registration application shall be transmitted by the division of motor vehicles or agent to the central voter registration system mandated not later than the next business day after the date of acceptance by the division of motor vehicles. Transmission shall be made by electronic means as prescribed by the secretary of state, and shall be in an electronic form compatible with the voter registration system maintained by the secretary of state. For each registration electronically transmitted, a hard copy will be provided to the appropriate local board of canvassers.

(e) Any person who has fully and correctly completed an application to register to vote at the division of motor vehicles is presumed to be registered as of the date of the acceptance of the registration by the division of motor vehicles. The division of motor vehicles shall not transmit the voter registration of any applicant, who fails to certify by a declaration that they are a citizen of the United States.

(f) The state board of elections shall have the authority to adopt regulations to implement and administer the provisions of this section, including all registrations taken at the division of motor vehicles.

(g)

(1) In accordance with Section 7 of the Federal National Voter Registration Act of 5 1993, other applicable state government agencies that the secretary verifies already collect documents that would provide proof of eligibility, including age, citizenship and residence address, may follow the procedures for automatic voter registration enumerated for the division of motor vehicles as described in subsections (b) through (d) of this section.

(2) Any additional agencies that are designated for automatic registration must follow the rules and protocols established in this section for the division of motor vehicles providing a declaration of citizenship.

(3) Registration for voter registration at a division of motor vehicles without application for driver's license or ID and only for for voter registration does not require a photo. The same rules are for other applicable state government agencies. There will be no charge for the voter registration.

(4) Voter ID cards will be sent to all registered voters in an envelope marked "Do not Forward" for each election. This card will be the only ID needed to vote without any need for other identification. Receipt of this card at the voters' place of residence shall be considered proof of eligibility to vote.

(h) Effective date. The provisions of this section shall take effect thirty (30) days after the administrator of the division of motor vehicles certifies in writing to the general assembly that the Missouri motor vehicle licensing system computer system is capable of meeting the requirements set forth in this section, which references the provisions of the Federal National Voter Registration Act of 1993. The administrator of the division of motor vehicles shall consult with the secretary prior to making this determination about the computer system. All changes will be made to have in place six months before the Nov., 2020 elections.

6. Verification of Citizen Status-If the state or any voting regulatory body doubts the citizenship status of the voter applicant and is unable to verify citizenship and identity via the State Verification and Exchange System (SVES) interface with the Social Security Administration, it is then the responsibility of the applicant/recipient to provide the required verification as follows:

A. CITIZENSHIP –1. FIRST LEVEL (PRIMARY DOCUMENTATION). The following forms of documentation qualify as both proof of citizenship and identity:

(a) A U.S. Passport

• Passport does not have to be currently valid to be accepted as proof of citizenship

• Passports issued with a limitation are not considered evidence of U.S. citizenship but is considered proof of identity.

(b) A Certificate of Naturalization (Forms N-550 or N-570)

(c) A Certificate of U.S. Citizenship (Form N-560 or N-561)

(d) Applicants and recipients born outside of the United States who were not U.S. citizens at birth, must submit First Level documentation as evidence of U.S. citizenship.

(e) If the applicant/recipient does not possess any of the above forms of documentation, then documentation of both the individual's citizenship (preferably from the Secondary tier of documentation) and identity is necessary.

B. SECOND LEVEL (SECONDARY)

(a) If documentation from the First Level (Primary Documentation) of citizenship is not available, the applicant/recipient must submit both a document from one of the lower levels of citizenship documentation as well as a document from the list of acceptable forms of identity documentation.

(b). Secondary level documentation includes:

i. A U.S. Birth Certificate

ii. A Certification of Birth Issued by the Department of State (Form DS-1350)

iii. A Report of Birth Abroad of a U.S. Citizen (Form FS-240)

iv. A Certification of Birth Issued by the Department of State (Form FS-545 or DS-1350)
v. A U.S. Citizens I.D. Card (Form I-197 or prior version I-179)

vi. An American Indian Card, I-872 issued by the Department of Homeland Security with the classification code "KIC" issued to identify U.S citizen members of the Texas Band of Kickapoos living near the U.S./Mexican border

vii. Final Adoption Decree showing the child's name and U.S. birthplace

viii. Evidence of Civil Service employment by the U.S. government before June 1976

iv. An official military record of service showing a U.S. place of birth

x. A Northern Mariana Identification Card, I-873 (issued by the INS to a collectively naturalized citizen of the United States who was born in the Northern Mariana Islands before November 4,1986)

Personal identification, requirements--statement for voters without required personal identification, procedure--provisional ballot, when--form of statement--notice of requirements--report—precinct register requirements--mark in lieu of signature, when--contingent effective date.

115.427. 1. Persons seeking to vote in a public election shall establish their identity and eligibility to vote at the polling place by presenting their voter ID card they received in the mail for the current election or a form of personal identification to election officials. If the voter has the voter ID card, no other form of identification will be needed. No form of personal identification other than the forms listed in this section shall be accepted to establish a voter's qualifications to vote if they do not have their voter ID card. Forms of personal identification that satisfy the requirements of this section are any one of the following:

(1) Nonexpired Missouri driver's license;

(2) Nonexpired or nonexpiring Missouri nondriver's license;

(3) A document that satisfies all of the following requirements:

(a) The document contains the name of the individual to whom the document was issued, and the name substantially conforms to the most recent signature in the individual's voter registration record;

(b) The document shows a photograph of the individual;

(c) The document includes an expiration date, and the document is not expired, or, if expired, the document expired after the date of the most recent general election; and

(d) The document was issued by the United States or the state of Missouri; or

(4) Any identification containing a photograph of the individual which is issued by the Missouri National Guard, the United States Armed Forces, or the United States Department of Veteran Affairs to a member or former member of the Missouri National Guard or the United States Armed Forces and that is not expired or does not have an expiration date.

2. (1) An individual who appears at a polling place without a form of personal identification described in subsection 1 of this section and who is otherwise qualified to vote at that polling place may execute a statement, under penalty of perjury, averring that the individual is the person listed in the precinct register; averring that the individual does not possess a form of personal identification described in subsection 1 of this section; acknowledging that the individual is eligible to receive a Missouri nondriver's license free of charge if desiring it in order to vote; and acknowledging that the individual is required to present a form of personal identification, as described in subsection 1 of this section, in order to vote. Such statement shall be executed and sworn to before the election official receiving the statement. Upon executing such statement, the individual may cast a regular ballot, provided such individual presents one of the following forms of identification:

(a) Identification issued by the state of Missouri, an agency of the state, or a local election authority of the state;

(b) Identification issued by the United States government or agency thereof;

(c) Identification issued by an institution of higher education, including a university, college, vocational and technical school, located within the state of Missouri;

(d) A copy of a current utility bill, bank statement, government check, paycheck, or other government document that contains the name and address of the individual;

(e) Other identification approved by the secretary of state under rules promulgated pursuant to this section.

(2) For any individual who appears at a polling place without a form of personal identification described in subsection 1 of this section and who is otherwise qualified to vote at that polling place, the election authority may take a picture of such individual and keep it as part of that individual's voter registration file at the election authority.

(3) Any individual who chooses not to execute the statement described in subdivision (1) of this subsection may cast a provisional ballot. Such provisional ballot shall be counted, provided that it meets the requirements of subsection 4 of this section.

(4) For the purposes of this section, the term "election official" shall include any person working under the authority of the election authority.

3. The statement to be used for voting under subdivision (1) of subsection 2 of this section shall be substantially in the following form:

"State of .....

County of .....

I do solemnly swear (or affirm) that my name is .....; that I reside at .....; that I am the person listed in the precinct register under this name and at this address; and that, under penalty of perjury, I do not possess a form of personal identification approved for voting. As a person who does not possess a form of personal identification approved for voting, I acknowledge that I am eligible to receive free of charge a Missouri nondriver's license at any fee office if desiring it in order to vote. I furthermore acknowledge that I am required to present a form of personal identification, as prescribed by law, in order to vote.

I understand that knowingly providing false information is a violation of law and subjects me to possible criminal prosecution.

.....

Signature of voter

Subscribed and affirmed before me this ..... day of ....., 20....

.....

Signature of election official"

4. A voter shall be allowed to cast a provisional ballot under section 115.430 even if the election judges cannot establish the voter's identity under this section. The election judges shall make a notation on the provisional ballot envelope to indicate that the voter's identity was not verified. The provisional ballot cast by such voter shall not be counted unless:

(1) (a) The voter returns to the polling place during the uniform polling hours established by section 115.407 and provides a form of personal identification that allows the election judges to verify the voter's identity as provided in subsection 1 of this section; or

(b) The election authority verifies the identity of the individual by comparing that individual's signature to the signature on file with the election authority and determines that the individual was eligible to cast a ballot at the polling place where the ballot was cast; and

(2) The provisional ballot otherwise qualifies to be counted under section 115.430.

5. The secretary of state shall provide advance notice of the personal identification requirements of subsection 1 of this section in a manner calculated to inform the public generally of the requirement for forms of personal identification as provided in this section. Such advance notice shall include, at a minimum, the use of advertisements and public service announcements in print, broadcast television, radio, and cable television media, as well as the posting of information on the opening pages of the official state internet websites of the secretary of state and governor.

6. (1) Notwithstanding the provisions of section 136.055 and section 302.181 to the contrary, the state and all fee offices shall provide one nondriver's license at no cost to any otherwise qualified voter who does not already possess such identification and who desires the identification in order to vote.

(2) This state and its agencies shall provide one copy of each of the following, free of charge, if needed by an individual seeking to obtain a form of personal identification described in subsection 1 of this section in order to vote:

(a) A birth certificate;

(b) A marriage license or certificate;

(c) A divorce decree;

(d) A certificate of decree of adoption;

(e) A court order changing the person's name;

(f) A Social Security card reflecting an updated name; and

(g) Naturalization papers or other documents from the United States Department of State proving citizenship.

Any individual seeking one of the above documents in order to obtain a form of personal identification described in subsection 1 of this section in order to vote may request the secretary of state to facilitate the acquisition of such documents. The secretary of state shall pay any fee or fees charged by another state or its agencies, or any court of competent jurisdiction in this state or any other state, or the federal government or its agencies, in order to obtain any of the above documents from such state or the federal government.

(3) All costs associated with the implementation of this section shall be reimbursed from the general revenue of this state by an appropriation for that purpose. If there is not a sufficient appropriation of state funds, then the personal identification requirements of subsection 1 of this section shall not be enforced.

(4) Any applicant who requests a nondriver's license for the purpose of voting shall not be required to pay a fee if the applicant executes a statement, under penalty of perjury, averring that the applicant does not have any other form of personal identification that meets the requirements of this section. The state of Missouri shall pay the legally required fees for any such applicant. The director of the department of revenue shall design a statement to be used for this purpose. The total cost associated with nondriver's license photo identification under this subsection shall be borne by the state of Missouri from funds appropriated to the department of revenue for that specific purpose. The department of revenue and a local election authority may enter into a contract that allows the local election authority to assist the department in issuing nondriver's license photo identifications.

7. The director of the department of revenue shall, by January first of each year, prepare and deliver to each member of the general assembly a report documenting the number of individuals who have requested and received a nondriver's license photo identification for the purposes of voting under this section. The report shall also include the number of persons requesting a nondriver's license for purposes of voting under this section, but not receiving such license, and the reason for the denial of the nondriver's license.

8. The precinct register shall serve as the voter identification certificate. The following form shall be printed at the top of each page of the precinct register:

VOTER'S IDENTIFICATION CERTIFICATE

Warning: It is against the law for anyone to vote, or attempt to vote, without having a lawful right to vote.

PRECINCT

WARD OR TOWNSHIP .....

GENERAL (SPECIAL, PRIMARY) ELECTION

Held ....., 20....

Date

I hereby certify that I am qualified to vote at this election by signing my name and verifying my address by signing my initials next to my address.

9. The secretary of state shall promulgate rules to effectuate the provisions of this section.

10. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2002, shall be invalid and void.

11. If any voter is unable to sign his name at the appropriate place on the certificate or computer printout, an election judge shall print the name and address of the voter in the appropriate place on the precinct register, the voter shall make his mark in lieu of signature, and the voter's mark shall be witnessed by the signature of an election judge.

12. This section shall become effective only upon the passage and approval by the voters of a constitutional amendment submitted to them by the general assembly regarding the authorization of photo identification requirements for elections by general law. If such constitutional amendment is approved by the voters, this section shall become effective June 1, 2017.

(L. 1977 H.B. 101 § 11.045, A.L. 1983 S.B. 234, A.L. 1993 S.B. 31, A.L. 2002 S.B. 675, A.L. 2006 S.B. 1014 & 730, A.L. 2016 H.B. 1631 §§ 115.427 and B)

*Contingent effective date, see subsection 12 of this section. H.B. 1631 was vetoed July 7, 2016. The veto was overridden on September 14, 2016.

Voter to present form of personal identification, acceptable identification--notice of identification requirements and procedures--affidavit, provisional ballot--form—provisional ballot when identity not verified, counted when—advance notice--payment of fee not required, when, mobile processing system--report--voter identification certificate—rulemaking authority--mark in lieu of signature permitted, when—voters without identification, provisional ballot, procedures—affidavit form--effective and expiration dates.

115.427. **1. Before receiving a ballot, voters shall establish their identity and eligibility to vote at the polling place by presenting their voter ID card they received in the mail for the current election or a form of personal identification. If the voter has the voter ID card, no other form of identification will be needed. No form of personal identification other than the forms listed in this section shall be accepted to establish a voter's qualifications to vote if they do not have their voter ID card. "Personal identification" shall mean only one of the following:

(1) Nonexpired Missouri driver's license showing the name and a photograph or digital image of the individual; or

(2) Nonexpired or nonexpiring Missouri nondriver's license showing the name and a photographic or digital image of the individual; or

(3) A document that satisfies all of the following requirements:

(a) The document contains the name of the individual to whom the document was issued, and the name substantially conforms to the most recent signature in the individual's voter registration record;

(b) The document shows a photographic or digital image of the individual;

(c) The document includes an expiration date, and the document is not expired, or if expired, expired not before the date of the most recent general election; and

(d) The document was issued by the United States or the state of Missouri; or

(4) Any identification containing a photographic or digital image of the individual which is issued by the Missouri National Guard, the United States Armed Forces, or the United States Department of Veteran Affairs to a member or former member of the Missouri National Guard or the United States Armed Forces and that does not have an expiration date.

**2. The election authority shall post a clear and conspicuous notice at each polling place informing each voter who appears at the polling place without a form of personal identification that satisfies the requirements of subsection 1 of this section that the voter may return to the polling place with a proper form of personal identification and vote a regular ballot after election judges have verified the voter's identity and eligibility under subsection 1 of this section. In addition to such posting, the election judges may also inform such voters by written or oral communication of such information posted in the notice. Voters who return to the polling place during the uniform polling

hours established by section 115.407 with a current and valid form of personal identification shall be given priority in any voting lines.

**3. An individual who appears at a polling place without identification in the form described in subsection 1 of this section and who is otherwise qualified to vote at that polling place may execute an affidavit averring that the voter is the person listed in the precinct register and that the voter does not possess a form of identification specified in this section and is unable to obtain a current and valid form of personal identification because of:

(1) A physical or mental disability or handicap of the voter, if the voter is otherwise competent to vote under Missouri law; or

(2) A sincerely held religious belief against the forms of personal identification described in subsection 1 of this section; or

(3) The voter being born on or before January 1, 1941.

Upon executing such affidavit, the individual may cast a provisional ballot. Such provisional ballot shall be counted, provided the election authority verifies the identity of the individual by comparing that individual's signature to the signature on file with the election authority and determines that the individual was eligible to cast a ballot at the polling place where the ballot was cast.

**4. The affidavit to be used for voting under subsection 3 of this section shall be substantially in the following form:

"State of .....

County of .....

I do solemnly swear (or affirm) that my name is .....; that I reside at .....; and that I am the person listed in the precinct register under this name and at this address. I further swear (or affirm) that I am unable to obtain a current and valid form of personal identification because of:

[ ] A physical or mental disability or handicap; or

[ ] A sincerely held religious belief; or

[ ] My being born on or before January 1, 1941.

I understand that knowingly providing false information is a violation of law and subjects me to possible criminal prosecution.

.....

Signature of voter

Subscribed and affirmed before me this ..... day of ...., 20....

.....

Signature of election official"

**5. A voter shall be allowed to cast a provisional ballot under section 115.430 even if the election judges cannot establish the voter's identity under subsection 1 of this section. The election judges shall make a notation on the provisional ballot envelope to indicate that the voter's identity was not verified. The provisional ballot cast by such voter shall not be counted unless:

(1) The voter returns to the polling place during the uniform polling hours established by section 111.407and provides a form of personal identification that allows the election judges to verify the voter's identity as provided in subsection 1 of this section; and

(2) The provisional ballot otherwise qualifies to be counted under section 115.430.

6. The secretary of state shall provide advance notice of the personal identification requirements of subsection 1 of this section in a manner calculated to inform the public generally of the requirement for photographic personal identification as provided in this section. Such advance notice shall include, at a minimum, the use of advertisements and public service announcements in print, broadcast television, radio, and cable television media, as well as the posting of information on the opening pages of the official state internet websites of the secretary of state and governor.

7. The provisions of section 136.055 and section 302.181 notwithstanding, any applicant who requests a nondriver's license with a photograph or digital image for the purpose of voting shall not be required to pay a fee if the applicant executes an affidavit averring that the applicant does not have any other form of photographic personal identification that meets the requirements of subsection 1 of this section. The state of Missouri shall pay the legally required fees for any such applicant. The director shall design an affidavit to be used for this purpose. However, any disabled or elderly person otherwise competent to vote shall be issued a nondriver's license photo identification through a mobile processing system operated by the Missouri department of revenue upon request if the individual is physically unable to otherwise obtain a nondriver's license photo identification. The department of revenue shall make nondriver's license photo identifications available through its mobile processing system only at facilities licensed under chapter 198 and other public places accessible to and frequented by disabled and elderly persons. The department shall provide advance notice of the times and places when the mobile processing system will be available. At least nine mobile units housed under the office of administration shall remain available for dispatch upon the request of the department of revenue to fulfill the requirements of this section. The total cost associated with nondriver's license photo identification under this subsection shall be borne by the state of Missouri from funds appropriated to the department of revenue for that specific purpose. The department of revenue and a local election authority may enter into a contract that allows the local election authority to assist the department in issuing nondriver's license photo identifications.

**8. The director of the department of revenue shall, by January first of each year, prepare and deliver to each member of the general assembly a report documenting the number of individuals who have requested and received a nondriver's license photo identification for the purposes of voting under this section. The report shall also include the number of persons requesting a nondriver's license for purposes of voting under this section, but not receiving such license, and the reason for the denial of the nondriver's license.

**9. The precinct register shall serve as the voter identification certificate. The following form shall be printed at the top of each page of the precinct register:

VOTER'S IDENTIFICATION CERTIFICATE

Warning: It is against the law for anyone to vote, or attempt to vote, without having a lawful right to vote.

PRECINCT

WARD OR TOWNSHIP .....

GENERAL (SPECIAL, PRIMARY) ELECTION

Held ....., 20....

Date

I hereby certify that I am qualified to vote at this election by signing my name and verifying my address by signing my initials next to my address.

**10. The secretary of state shall promulgate rules to effectuate the provisions of this section.

**11. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2002, shall be invalid and void.

**12. If any voter is unable to sign his name at the appropriate place on the certificate or computer printout, an election judge shall print the name and address of the voter in the appropriate place on the precinct register, the voter shall make his mark in lieu of signature, and the voter's mark shall be witnessed by the signature of an election judge.

**13. For any election held on or before November 1, 2008, an individual who appears at a polling place without identification in the form described in subsection 1 of this section, and who is otherwise qualified to vote at that polling place, may cast a provisional ballot after:

(1) Executing an affidavit which is also signed by two supervising election judges, one from each major political party, who attest that they have personal knowledge of the identity of the voter, provided that the two supervising election judges who sign an affidavit under this subdivision shall not be involved or participate in the verification of the voter's eligibility by the election authority after the provisional ballot is cast; or

(2) (a) Executing an affidavit affirming his or her identity; and

(b) Presenting a form of identification from the following list:

a. Identification issued by the state of Missouri, an agency of the state, or a local election authority of the state;

b. Identification issued by the United States government or agency thereof;

c. Identification issued by an institution of higher education, including a university, college, vocational and technical school, located within the state of Missouri;

d. A copy of a current utility bill, bank statement, government check, paycheck, or other government document that contains the name and address of the voter; or

e. Driver's license or state identification card issued by another state.

Such provisional ballot shall be entitled to be counted, provided the election authority verifies the identity of the individual by comparing that individual's signature to the current signature on file with the election authority and determines that the individual was otherwise eligible to cast a ballot at the polling place where the ballot was cast.

**14. The affidavit to be used for voting under subsection 13 of this section shall be substantially in the following form:

"State of .....

County of .....

I do solemnly swear (or affirm) that my name is .....; that I reside at .....; and that I am the person listed in the precinct register under this name and at this address.

I understand that knowingly providing false information is a violation of law and subjects me to possible criminal prosecution.

.....

Signature of voter

Subscribed and affirmed before me this ..... day of ....., 20....

.....

Signature of Election Official".

***15. The provisions of subsections 1 to 5 and 8 to 14 of this section shall become effective August 28, 2006, and this subsection shall expire September 1, 2006.

(L. 1977 H.B. 101 § 11.045, A.L. 1983 S.B. 234*, A.L. 1993 S.B. 31, A.L. 2002 S.B. 675, A.L. 2006 S.B. 1014 & 730)

Effective 6-14-06

*This section was amended by H.B. 1631, 2016. Due to the contingent effective date contained in subsection 12 of this section, both versions of this section are printed here.

**Subsections 1 to 5 and 8 to 14 effective 8-28-06

***Subsection 15 expires 9-01-06

(2006) Photo ID requirement violates state equal protection clause and the guarantee of right of qualified and registered citizens to vote; requirement is not narrowly tailored to further compelling state interest in preventing voter fraud. Weinschenk v. State, 203 S.W.3d 201 (Mo.banc).

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 25, 2017

RECEIVED
SEP 25 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 147, Version 2 (2018-284)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on September 25, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED

SEP 25 2017

MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ _____

Signature of Affiant (Person obtaining signatures) Street address of Affiant

_____ _____

Printed Name of Affiant City, State and Zip Code of Affiant

Subscribed and sworn to before me this ___ day of _____, A.D. _____

_____ Notary Public (Seal)

Signature of Notary

_____ My commission expires:

Address of Notary

Be it enacted by the people of the state of Missouri:

The annual franchise tax of Chapter 147.RSMo will be amended to be re-instated as follows with the revenue to be distributed to the Missouri Road Fund, to the higher education fund and to school districts with a 12% or more poverty level as directed by this amendment:

147.010 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state exceed two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter 351 or not, shall be subject to this section. Any corporation whose outstanding shares and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state that fact on the annual report form prescribed by the secretary of state. For all taxable years beginning on or after January 1, 2000, but ending before December 31, 2009, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do not exceed one million dollars shall state that fact on the annual report form prescribed by the director of revenue. For taxable years beginning on or after January 1, 2010, but before December 31, 2011, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars. For all taxable years beginning on or after January 1, 2010, but before December 31, 2015, any corporation whose outstanding shares and surplus do not exceed ten million dollars shall state that fact on the annual report form prescribed by the director of revenue. For all taxable years beginning on or after January 1, 2011, but before December 31, 2015, a corporation's annual tax liability under this chapter shall not exceed the amount of annual franchise tax liability of such corporation for the taxable year ending on or before December 31, 2010. If the corporation had no annual franchise tax liability under this chapter for the taxable year ending on or before December 31, 2010, because such corporation was not in existence or doing business in Missouri, the annual franchise tax for the first taxable year in which such corporation exists shall be determined by applying the applicable rate of tax provided under the provisions of this subsection to the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars, but in no case shall such corporation's tax liability for any subsequent taxable year exceed the amount of annual franchise tax liability of such corporation for the first full taxable year such corporation was in existence or doing business in Missouri. For taxable years beginning on or after January 1, 2012, the annual franchise tax shall be equal to the percentage rate prescribed in this subsection for the corresponding taxable year of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed the corresponding minimum threshold amount prescribed as follows:

(1) For tax year 2012, the rate shall be one-thirty-seventh of one percent and the threshold amount shall be ten million dollars;

(2) For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold amount shall be ten million dollars;

(3) For tax year 2014, the rate shall be one-seventy-fifth of one percent and the threshold amount shall be ten million dollars;

(4) For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the threshold amount shall be ten million dollars;

(5) For tax years beginning on or after January 1, 2016, no annual franchise tax shall be imposed under this section until the tax year of 2019.

(6) For the tax year 2019, the rate shall be two percent and the threshold amount shall be ten million dollars and shall remain at that rate unless changed through a ballot of the citizens of the state of Missouri. The first quarterly estimated payments will be due on April 15th of 2019.

(7) Half of the revenue of the annual franchise tax will go into the Missouri State Road Fund.

(8) Three quarters of the remaining revenue of the annual franchise tax will be to provide funds for the school districts with a 12% or more poverty level of the Missouri public-school system including pre-kindergarten, elementary and secondary education. The revenue generated from the franchise tax for this section will go to a dedicated fund that will be distributed to these schools with a 12% or more poverty level. The Missouri budget for elementary and secondary education will not be replaced by this bill. The elementary and secondary education budgets will remain as specified in Chapter 163. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget.

(9) One quarter of the remaining revenue of the annual franchise tax will be to provide revenue for the Department of Higher Education Budget. The Missouri budget for the Department of Higher Education will not be replaced by this bill. The Department of Higher Education Budget by the state will remain at least equal to a percent of the total budget from general revenue in future years as during the year 2015. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget. The initial revenue of $48 million from the annual franchise tax will go to help finance construction of a downtown arts campus for the University of Missouri in Kansas City. The revenue generated after this date will be allotted to the budget of the Department of Higher Education to spend as needed with an emphasis on increasing full time and tenured professors.

2. Sections 147.010 to 147.120 shall not apply to corporations not organized for profit, nor to corporations organized pursuant to the provisions of chapter 349, nor to express companies, which now pay an annual tax on their gross receipts in this state, nor to insurance companies, which are subject to an annual tax on their premium receipts in this state, nor to state, district, county, town and farmers' mutual companies now organized or that may be hereafter organized pursuant to any of the laws of this state, organized for the sole purpose of writing fire, lightning, windstorm, tornado, cyclone, hail and plate glass and mutual automobile insurance and for the purpose of paying any loss incurred by any member by assessment, nor to any mutual insurance corporation not having shares, nor to a company or association organized to transact business of life or accident insurance on the assessment plan for the purpose of mutual protection and benefit to its members and the payment of stipulated sums of moneys to the family, heirs, executors, administrators or assigns of the deceased member, nor to foreign life, fire, accident, surety, liability, steam boiler, tornado, health, or other kind of insurance company of whatever nature coming within the provisions of section 147.050 and doing business in this state, nor to savings and loan associations and domestic and foreign regulated investment companies as defined by Section 170 of the Act of Congress commonly known as the Revenue Act of 1942, nor to electric and telephone corporations organized pursuant to chapter 351 and chapter 392 prior to January 1, 1980, which have been declared tax-exempt organizations pursuant to Section 501(c) of the Internal Revenue Code of 1986, nor for taxable years beginning after December 31, 1986, to banking institutions subject to the annual franchise tax imposed by sections 148.010 to 148.110; but bank deposits shall be considered as funds of the individual depositor left for safekeeping and shall not be considered in computing the amount of tax collectible pursuant to the provisions of sections 147.010 to 147.120.

3. A corporation's taxable year for purposes of sections 147.010 to 147.120 shall be its taxable year as provided in section 143.271.

[4. A corporation's transitional year for the purposes of sections 147.010 to 147.120 shall be its taxable year which includes parts of each of the years 1979 and 1980.

5. The franchise tax payable for a corporation's transitional year shall be computed by multiplying the amount otherwise due for that year by a fraction, the numerator of which is the number of months between January 1, 1980, and the end of the taxable year and the denominator of which is twelve. The franchise tax payable, if a corporation's taxable year is changed as provided in section 143.271, shall be similarly computed pursuant to regulations prescribed by the director of revenue.]

6. All franchise reports and franchise taxes shall be returned to the director of revenue. All checks and drafts remitted for payment of franchise taxes shall be made payable to the director of revenue.

7. Pursuant to section 32.057, the director of revenue shall maintain the confidentiality of all franchise tax reports returned to the director.

8. The director of the department of revenue shall honor all existing agreements between taxpayers and the director of the department of revenue.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 25, 2017

RECEIVED
SEP 25 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 147, Version 1 (2018-283)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on September 25, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
SEP 25 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

Signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County

FUTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OR PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORG.ERY.

I am at least 18 years of age. I do___ do not___(check one) expect to be paid for circulating this petition. If paid, list the payer_____

Signature of Affiant (person obtaining signatures) _____ Street address of Affiant_____

Printed name of Affiant_____ City, State, and zip code of Affiant_____

Subscribed and sworn to me this_____ day of _____A.D._____

Signature of Notary_____ Notary Public (Seal)

Address of Notary_____ My commission expires _/_/____

Be it enacted by the people of the state of Missouri:

The annual franchise tax of Chapter 147.RSMo will be amended to be re-instated as follows with the revenue to be distributed to the Missouri Road Fund, to the higher education fund and to school districts with a 12% or more poverty level as directed by this amendment:

147.010 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state exceed two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter 351 or not, shall be subject to this section. Any corporation whose outstanding shares and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state that fact on the annual report form prescribed by the secretary of state. For all taxable years beginning on or after January 1, 2000, but ending before December 31, 2009, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do not exceed one million dollars shall state that fact on the annual report form prescribed by the director of revenue. For taxable years beginning on or after January 1, 2010, but before December 31, 2011, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars. For all taxable years beginning on or after January 1, 2010, but before December 31, 2015, any corporation whose outstanding shares and surplus do not exceed ten million dollars shall state that fact on the annual report form prescribed by the director of revenue. For all taxable years beginning on or after January 1, 2011, but before December 31, 2015, a corporation's annual tax liability under this chapter shall not exceed the amount of annual franchise tax liability of such corporation for the taxable year ending on or before December 31, 2010. If the corporation had no annual franchise tax liability under this chapter for the taxable year ending on or before December 31, 2010, because such corporation was not in existence or doing business in Missouri, the annual franchise tax for the first taxable year in which such corporation exists shall be determined by applying the applicable rate of tax provided under the provisions of this subsection to the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars, but in no case shall such corporation's tax liability for any subsequent taxable year exceed the amount of annual franchise tax liability of such corporation for the first full taxable year such corporation was in existence or doing business in Missouri. For taxable years beginning on or after January 1, 2012, the annual franchise tax shall be equal to the percentage rate prescribed in this subsection for the corresponding taxable year of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed the corresponding minimum threshold amount prescribed as follows:

(1) For tax year 2012, the rate shall be one-thirty-seventh of one percent and the threshold amount shall be ten million dollars;

(2) For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold amount shall be ten million dollars;

(3) For tax year 2014, the rate shall be one-seventy-fifth of one percent and the threshold amount shall be ten million dollars;

(4) For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the threshold amount shall be ten million dollars;

(5) For tax years beginning on or after January 1, 2016, no annual franchise tax shall be imposed under this section until the tax year of 2019.

(6) For the tax year 2019, the rate shall be two percent and the threshold amount shall be ten million dollars and shall remain at that rate unless changed through a ballot of the citizens of the state of Missouri. The first quarterly estimated payments will be due on April 15th of 2019.

(7) Half of the revenue of the annual franchise tax will go into the Missouri State Road Fund.

(8) Three quarters of the remaining revenue of the annual franchise tax will be to provide funds for the school districts with a 12% or more poverty level of the Missouri public-school system including pre-kindergarten, elementary and secondary education. The revenue generated from the franchise tax for this section will go to a dedicated fund that will be distributed to these schools with a 12% or more poverty level. No Missouri revenue will go to non-public schools. The Missouri budget for elementary and secondary education will not be replaced by this bill. The elementary and secondary education budgets will remain as specified in Chapter 163. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget.

(9) One quarter of the remaining revenue of the annual franchise tax will be to provide revenue for the Department of Higher Education Budget. The Missouri budget for the Department of Higher Education will not be replaced by this bill. The Department of Higher Education Budget by the state will remain at least equal to a percent of the total budget from general revenue in future years as during the year 2015. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget. The initial revenue of $48 million from the annual franchise tax will go to help finance construction of a downtown arts campus for the University of Missouri in Kansas City. The revenue generated after this date will be allotted to the budget of the Department of Higher Education to spend as needed with an emphasis on increasing full time and tenured professors.

2. Sections 147.010 to 147.120 shall not apply to corporations not organized for profit, nor to corporations organized pursuant to the provisions of chapter 349, nor to express companies, which now pay an annual tax on their gross receipts in this state, nor to insurance companies, which are subject to an annual tax on their premium receipts in this state, nor to state, district, county, town and farmers' mutual companies now organized or that may be hereafter organized pursuant to any of the laws of this state, organized for the sole purpose of writing fire, lightning, windstorm, tornado, cyclone, hail and plate glass and mutual automobile insurance and for the purpose of paying any loss incurred by any member by assessment, nor to any mutual insurance corporation not having shares, nor to a company or association organized to transact business of life or accident insurance on the assessment plan for the purpose of mutual protection and benefit to its members and the payment of stipulated sums of moneys to the family, heirs, executors, administrators or assigns of the deceased member, nor to foreign life, fire, accident, surety, liability, steam boiler, tornado, health, or other kind of insurance company of whatever nature coming within the provisions of section 147.050 and doing business in this state, nor to savings and loan associations and domestic and foreign regulated investment companies as defined by Section 170 of the Act of Congress commonly known as the Revenue Act of 1942, nor to electric and telephone corporations organized pursuant to chapter 351 and chapter 392 prior to January 1, 1980, which have been declared tax-exempt organizations pursuant to Section 501(c) of the Internal Revenue Code of 1986, nor for taxable years beginning after December 31, 1986, to banking institutions subject to the annual franchise tax imposed by sections 148.010 to 148.110; but bank deposits shall be considered as funds of the individual depositor left for safekeeping and shall not be considered in computing the amount of tax collectible pursuant to the provisions of sections 147.010 to 147.120.

3. A corporation's taxable year for purposes of sections 147.010 to 147.120 shall be its taxable year as provided in section 143.271.

[4. A corporation's transitional year for the purposes of sections 147.010 to 147.120 shall be its taxable year which includes parts of each of the years 1979 and 1980.

5. The franchise tax payable for a corporation's transitional year shall be computed by multiplying the amount otherwise due for that year by a fraction, the numerator of which is the number of months between January 1, 1980, and the end of the taxable year and the denominator of which is twelve. The franchise tax payable, if a corporation's taxable year is changed as provided in section 143.271, shall be similarly computed pursuant to regulations prescribed by the director of revenue.]

6. All franchise reports and franchise taxes shall be returned to the director of revenue. All checks and drafts remitted for payment of franchise taxes shall be made payable to the director of revenue.

7. Pursuant to section 32.057, the director of revenue shall maintain the confidentiality of all franchise tax reports returned to the director.

8. The director of the department of revenue shall honor all existing agreements between taxpayers and the director of the department of revenue.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 20, 2017

RECEIVED
SEP 20 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article IV (2018-282)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on September 19, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
SEP 19 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article IV, section 30 of the Missouri Constitution shall be amended to provide for a one-tenth of one-percent sales tax on motor vehicle fuel, the proceeds of which shall be used to develop rail passenger service in Missouri.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 20, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
SEP 20 2017
STATE AUDITORS OFFICE

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article I (2018-281)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on September 19, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
SEP 19 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Street address of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article I entitled Bill of Rights, is amended by adding one new section to be known as Section 36, to read as follows:

Section 36. All Missouri Career Center locations and all state funded operations that are open to the public will allow the People of Missouri to petition at their public entrances as allowed in the State and Federal Constitutions as a basic and fundamental right. The Career Centers are public forums were People discuss employment and jobs and inter act with others by use of computers.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-281)

Subject

Initiative petition from Steven Reed regarding a proposed constitutional amendment to Article I. (Received September 20, 2017)

Date

October 10, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this initiative petition.

Officials from the **Department of Transportation** indicated no fiscal impact to their department or MHTC (Missouri Highways and Transportation Commission).

Officials from the **Office of Administration** indicated this proposal would expressly allow people to petition at the public entrances of all Missouri Career Center locations as allowed in the state and federal Constitutions. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly. Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary. Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of

their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition provides no fiscal impact.

Officials from the **University of Missouri** indicated on behalf of the Office of Academic Affairs, there is no significant measurable fiscal impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College.**

Fiscal Note Summary

State and local governmental entities estimate no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
SEP 20 2017
STATE AUDITORS OFFICE

September 20, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article V, Version 2 (2018-280)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on September 19, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
SEP 19 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant ,

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article V entitled Judicial Department, is amended by adding one new section to be known as Section 32, to read as follows:

The Supreme Court allows certified paralegals or legal assistants certified by a credited college or university, without attending law school, to shadow and work alongside of an attorney at law for a period of three years. Thereafter, the person would be allowed to take a bar exam and if passed, demonstrating good moral character and financial responsibility per State Supreme Court rules, will be able to practice law in Missouri and will be accepted by the Supreme Court and the Appeals Courts and all Courts and Tribunals in the state and have the same basic rights to practice law and give legal advice to the People of the state.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 20, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
SEP 20 2017
STATE AUDITORS OFFICE

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article V, Version 1 (2018-279)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on September 19, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

RECEIVED
SEP 19 2017
MO. SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article V entitled Judicial Department, is amended by adding one new section to be known as Section 32, to read as follows:

The Supreme Court allows certified paralegals or legal assistants certified by a credited college or university, without attending law school, (same as Abe Lincoln), to shadow and work alongside of an attorney at law for a period of three years. Thereafter, the person would be allowed to take a bar exam and if passed, demonstrating good moral character and financial responsibility per State Supreme Court rules, will be able to practice law in Missouri and will be accepted by the Supreme Court and the Appeals Courts and all Courts and Tribunals in the state and have the same basic rights to practice law and give legal advice to the People of the state.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 19, 2017

RECEIVED
SEP 19 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Brian Hagg regarding a proposed statutory amendment to Chapter 374 (2018-278)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Brian Hagg on September 18, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
SEP 18 2017
MO SECRETARY OF STATE

Chapter 374 Department of Insurance, Financial Institutions and Professional Registration 374.695 to 374.755 REGULATION OF BAIL BOND AGENTS & 374.783 to 374.789 SURETY RECOVERY AGENTS how some Missouri statutes are broken by what is listed in 374.695 to 374.789, broken the Missouri Constitution Bill of Rights Article I and The United States Constitution.

Missouri Statute 374.700. Definitions. — As used in sections 374.695 to 374.789, the following terms shall mean: (1) **"Bail bond agent"**, a surety agent or an agent of a property bail bondsman who is duly licensed pursuant to the provisions of sections 374.695 to 374.789, is employed by and is working under the authority of a licensed general bail bond agent;...(3) **"Department"**, the department of insurance, financial institutions and professional registration of the state of Missouri;(4) **"Director"**, the director of the department of insurance, financial institutions and professional registration;(5) **"General bail bond agent"**, a surety agent or a property bail bondsman, as defined in sections 374.700 to 374.775, who is licensed in accordance with sections 374.700 to 374.775 and who devotes at least fifty percent of his working time to the bail bond business in this state; **(6) "Insurer", any surety insurance company which is qualified by the department to transact surety business in Missouri;(7) "Licensee", a bail bond agent or a general bail bond agent;** (8) "Property bail bondsman", a person who pledges United States currency, United States postal money orders or cashier's checks or other property as security for a bail bond in connection with a judicial proceeding, and who receives or is promised therefor money or other things of value; (9) "Surety bail bond agent", any person appointed by an insurer by power of attorney to execute or countersign bail bonds in connection with judicial proceedings, and who receives or is promised money or other things of value therefor;(10) **"Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, captures and surrenders to the custody of a court a fugitive who has violated a bail bond agreement, excluding a bail bond agent or general bail bond agent;**
(11) "Taking a bail" or "take bail", the acceptance by a person authorized to take bail of the undertaking of a sufficient surety for the appearance of the defendant according to the terms of the undertaking or that the surety will pay to the court the sum specified. Taking of bail or take bail does not include the fixing of the amount of bail and no person other than a competent court shall fix the amount of bail.

Points (6) "Insurer" & ;(7) "Licensee", a bail bond agent or a general bail bond agent; are private citizens who think they have more power than the Missouri statutes, Missouri Constitution & the United States Constitution. Who pay fee not to exceed one hundred fifty dollars, as Missouri Statute 374.710. States issue a two-year license for the bail bond agent or general bail bond agent.

Missouri Statute 374.710. License required for bail bond agents, application, qualifications — exceptions. 3. In addition to the twenty-four hours of initial basic training to become a bail bond agent or general bail bond agent, there shall be eight hours of biennial continuing education for all bail bond agents and general bail bond agents to maintain their state license. **The director shall determine said appropriate areas of instruction for said biennial continuing education.** The director shall determine which institutions, organizations, associations, and individuals shall be eligible to provide the initial basic training and the biennial continuing education instruction. The department may allow state institutions, organizations, associations, or individuals to provide courses for the initial basic training and the biennial continuing

education training. The cost shall not exceed two hundred dollars for the initial basic training and one hundred fifty dollars for biennial continuing education.
4. Upon completion of said basic training or biennial continuing education and the licensee meeting the other requirements as provided under sections 374.695 to 374.789, the director shall issue a two-year license for the bail bond agent or general bail bond agent for a fee not to exceed one hundred fifty dollars.

Missouri Statute 374.717. Prohibited acts. — No insurer or licensee, court, or law enforcement officer shall: (4) Accept anything of value from a principal except the premium and expenses incurred, provided that the licensee shall be permitted to accept collateral security or other indemnity from the principal in accordance with the provisions of section 374.719.
Missouri Statute 374.719. Collateral security accepted, when — receipt required — used to reimburse costs, when — records to be retained. — 1. A licensee may accept collateral security from the principal in a fiduciary capacity, which collateral shall be returned upon final termination of liability on the bond. When a licensee accepts collateral, the licensee shall provide a prenumbered written receipt, which shall include a detailed account of the collateral received by the licensee.

Missouri Statute 374.757. Notification by agent of intention to apprehend — local law enforcement may accompany agent — violations, penalties. —[1. Any agent licensed by sections 374.695 to 374.775 who intends to apprehend any person in this state shall inform law enforcement authorities in the city or county in which such agent intends such apprehension, before attempting such apprehension. Such agent shall present to the local law enforcement authorities a certified copy of the bond and all other appropriate paperwork identifying the principal and the person to be apprehended. Local law enforcement may accompany the agent]. Failure of any agent to whom this section applies to comply with the provisions of this section shall be a class A misdemeanor for the first violation and a class E felony for subsequent violations; and shall also be a violation of section 374.755 and may in addition be punished pursuant to that section. [2. The surety recovery agent shall inform the local law enforcement in the county or city where such agent is planning to enter a residence. Such agent shall have a certified copy of the bond and all appropriate paperwork to identify the principal. Local law enforcement, when notified, may accompany the surety recovery agent to that location to keep the peace if an active warrant is effective for a felony or misdemeanor. If a warrant is not active, the local law enforcement officers may accompany the surety recovery agent to such location]. Failure to report to the local law enforcement agency is a class A misdemeanor. For any subsequent violations, failure to report to the local law enforcement agency is a class E felony.
374.700point (10) states surety recovery agent can't.
[Missouri Statute 374.783. Surety recovery agents, license required — director to license, powers. — 1. No person shall hold himself or herself out as being a surety recovery agent in this state, unless such person is licensed in accordance with the provisions of sections 374.783 to 374.789. **Licensed bail bond agents and general bail bond agents may perform fugitive recovery without being licensed as a surety recovery agent.** 2. **The director shall have authority to license all surety recovery agents in this state. The director shall have control and supervision over the licensing of such agents and the enforcement of the terms and provisions of sections 374.783 to 374.789.** 3. The director shall have the power to: (1) Set and

determine the amount of the fees authorized and required pursuant to sections 374.783 to 374.789. The fees shall be set at a level sufficient to produce revenue which shall not substantially exceed the cost and expense of administering sections 374.783 to 374.789. However, such fees shall not exceed one hundred fifty dollars for a two-year license; and (2) Determine the sufficient qualifications of applicants for a license. 4. The director shall license for a period of two years all surety recovery agents in this state who meet the requirements of sections 374.783 to 374.789.]

So Missouri Statute 374.783. the whole Missouri statute unconstitutional, Surety recovery agents, The Last sentence of point 1 Licensed bail bond agents and general bail bond agents may perform fugitive recovery without being licensed as a surety recovery agent. Unconstitutional not law enforcement

Missouri Statute 374.789. Prohibited acts. — 1. A person is guilty of a class E felony if he or she does not hold a valid surety recovery agent license or a bail bond license and commits any of the following acts:(1) Holds himself or herself out to be a licensed surety recovery agent within this state;(2) Claims that he or she can render surety recovery agent services; or (3) Engages in fugitive recovery in this state.2. Any person who engages in fugitive recovery in this state and wrongfully causes damage to any person or property, including, but not limited to, unlawful apprehension, unlawful detainment, or assault, shall be liable for such damages and may be liable for punitive damages. **Just because Missouri Statutes 374.710Point (10), 374.757, 374.783 the bail bond agent or general bail bond agent, Think they have the same power as a police office, then The surety recovery agent have to be person licensed in accordance with the provisions of sections 374.783-374.789, then in 374.700 point (10) Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, captures and surrenders to the custody of a court a fugitive, So in 374.757 2. surety recovery agent shall inform the local law enforcement in the county or city where such agent is planning to enter a residence. So this can't happen because of the above statement of 374.700(10), a surety recovery agent can somehow have a warrant as stated in 374.757 2. & Local law enforcement may accompany.**

So What is the purpose of Missouri Statutes 374.789 Prohibited acts if they are licensed somehow they can arrest people if they have a warrant if you're a surety recovery agent so what is the need for a criminal justice education to be a policeman or law enforcement agent since you let bail bond agent, general bail bond & surety recovery agent act as law enforcement agents with just 24 hours of training and 150 dollars they are License as stated in 374.710. So the Director of Department of Insurance, Financial Institutions and Professional Registration has his own bail bond agent, general bail bond & surety recovery agent act as law enforcement agents

374.700 point (10) "Surety recovery agent", & 374.757 2. surety recovery agent contradict each other.

In 374.789 Prohibited acts 2. wrongfully causes damage to any person or property, including, but not limited to, unlawful apprehension, unlawful detainment, or assault, shall be liable for such damages and may be liable for punitive damages. **It violates the Missouri Constitution Bill of Rights Article I Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to**

give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design.
Section 10. That no person shall be deprived of life, liberty or property without due process of law. Section 14. That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay. Section 15. That the people shall be secure in their persons, papers, homes, effects, and electronic communications and data, from unreasonable searches and seizures; and no warrant to search any place, or seize any person or thing, or access electronic data or communication, shall issue without describing the place to be searched, or the person or thing to be seized, or the data or communication to be accessed, as nearly as may be; nor without probable cause, supported by written oath or affirmation. Section 19. That no person shall be compelled to testify against himself in a criminal cause, nor shall any person be put again in jeopardy of life or liberty for the same offense,...

It violates The United States Constitution Amendment IV The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.
Amendment V No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces, or in the militia, when in actual service in time of war or public danger; **nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law;** nor shall private property be taken for public use, without just compensation. **Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.**
Amendment XIV Section 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws. Amendment I Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.

Missouri Statute 374.755. Complaint by department, procedure — grounds — disciplinary action — alternate procedure — additional remedy **(4) Obtaining or attempting to obtain any compensation as a member of the profession licensed by sections 374.695 to 374.775 by means of fraud, deception or misrepresentation; (6) Violation of any provision of or any obligation imposed by the laws of this state, department of insurance, financial institutions and professional registration rules and regulations, or aiding or abetting other persons to violate such laws, orders, rules or regulations, or subpoenas;**

Violations have taken place taking of money from people who are gps/electronic monitored no were in the chapter of 374 does it state taking of money for gps/electronic

monitored which a lot of people have been put on in Missouri for just being charged for a crime, and nonconvicted are paying a excessive fines imposed, which violates United States Constitution Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.

Also says Missouri Statute 374.755. Complaint by department, procedure — grounds — disciplinary action — alternate procedure — additional remedy

[2. After the filing of such complaint, the proceedings shall be conducted in accordance with the provisions of chapter 621. Upon a finding by the administrative hearing commission that one or more of the causes stated in subsection 1 of this section have been met, the director may suspend or revoke the license or enter into an agreement for a monetary or other penalty pursuant to section 374.280.]

[3. In lieu of filing a complaint at the administrative hearing commission, the director and the bail bond agent or general bail bond agent may enter into an agreement for a monetary or other penalty pursuant to section 374.280.]

4. In addition to any other remedies available, the director may issue a cease and desist order or may seek an injunction in a court of competent jurisdiction pursuant to the provisions of section 374.046 whenever it appears that any person is acting as a bail bond agent or general bail bond agent without a license or violating any other provisions of sections 374.695 to 374.789.

Violations have taken place and somehow filing of such complaint the provisions of chapter 621. Upon a finding by the administrative hearing commission the director may suspend or revoke the license or enter into an agreement for a monetary or other penalty pursuant to section 374.280.

Missouri Statute 374.280. Civil penalty or forfeiture ordered when, how enforced. — 1. The director may, after a hearing under section 374.046, order a civil penalty or forfeiture payable to the state of Missouri authorized by section 374.049, which penalty or forfeiture, if unpaid within ten days, may be recovered by a civil action brought by and in the name of the director under section 374.048. The civil action may be brought in the county which has venue of an action against the person, partnership or corporation under other provisions of law. The director may also suspend or revoke the license or certificate of authority of such person for any willful violation.

2. Nothing contained in this section shall be construed to prohibit the director and any person subject to an investigation, examination, or other proceeding from agreeing to a voluntary forfeiture of the sum mentioned herein without civil proceedings being instituted. Any sum so agreed upon shall be paid into the school fund as provided by law for other fines and penalties.

An amended part to Missouri statute 374.280 that any wrong doing found by the administrative hearing commission and civil court ruling should also be paid to the victim of said crime which is Missouri Statute 374.755 (4) Obtaining or attempting to obtain any compensation as a member of the profession licensed by sections 374.695 to 374.775 by means of fraud, deception or misrepresentation;.

In Missouri Statute 374.280 2. in last sentence how is"Any sum so agreed upon shall be paid into the school fund as provided by law for other fines and penalties". What law tells them to paid into the school fund? So why is this statute trying to tell the director to just act with civil penalty and civil action or agreed sum to be paid into the school fund? when State statutes are broken the rest of the public is ticketed or arrested, put in jail, and put through the criminal justice system.

So how does the director not tell the Attorney General of Missouri, a state or local law enforcement that the law has been broken and should issue a warrant for arrest not take place, where is equal protection under the law for the person or people who had their constitutional protected rights taken from them which are in Missouri Constitution Bill of Rights Article I Section 2., Section 10., Section 14., Section 15., Section 19. and The United States Constitution Amendment IV, Amendment V, Amendment VIII, Amendment XIV Section 1., Amendment I.

Missouri Statute 621.015. Administrative hearing commission, number of commissioners — qualifications, appointment, terms, compensation. — The "Administrative Hearing Commission" is assigned to the office of administration. It shall consist of no more than five commissioners. The commissioners shall be appointed by the governor with the advice and consent of the senate. The term of each commissioner shall be for six years and until his successor is appointed, qualified and sworn. The commissioners shall be attorneys at law admitted to practice before the supreme court of Missouri, but shall not practice law during their term of office. Each commissioner shall receive annual compensation of fifty-one thousand dollars plus any salary adjustment provided pursuant to section 105.005. Each commissioner shall also be entitled to actual and necessary expenses in the performance of his duties. The office of the administrative hearing commission shall be located in the City of Jefferson and it may employ necessary clerical assistance, compensation and expenses of the commissioners to be paid from appropriations made for that purpose.

Missouri Statute 621.110. Commission's findings and recommendations — hearing by agency on disciplinary action. — Upon a finding in any cause charged by the complaint for which **the license may be suspended or revoked as provided in the statutes and regulations relating to the profession or vocation of the licensee** and within one hundred twenty days of the date the case became ready for decision, the commission shall deliver or transmit by mail to the agency which issued the license the record and a transcript of the proceedings before the commission together with the commission's findings of fact and conclusions of law. [**The commission may make recommendations as to appropriate disciplinary action but any such recommendations shall not be binding upon the agency**].... Statute continues. **So how can the commission's findings of fact and conclusions of law, even as provided in the Missouri statutes, Missouri Constitution and the United States Constitution. Not be binding upon the agency, which is just about this 374 bail/bondsman companies. The two parts of 621.110 contradict each other.**

With the above proof of what house arrest and electronic monitoring is as listed in the Missouri Statutes, and the proof that bail/bond companies pay $150 for a license from Department of Insurance, Financial Institutions and Professional Registration. For nonconvicted the illegally electronic monitor by private bail/bond companies which are listed in statute 374.700.1., Which have violated the Missouri Statute 374.717 Prohibited acts. — No insurer or licensee, court, or law enforcement officer shall: (4) Accept anything of value from a principal except the premium and expenses incurred, broke this missouri statue forcing nonconvicted to pay illegally electronic monitor fine. Missouri Statute 374.755.number (4) and (6), (4) Obtaining or attempting to obtain any compensation as a member of the profession licensed by sections 374.695 to 374.775 by means of fraud, deception or misrepresentation; (6) Violation of any provision of or any obligation imposed by the laws of this state, department of insurance, financial institutions and

professional registration rules and regulations, or aiding or abetting other persons to violate such laws, orders, rules or regulations, or subpoenas; broke (4) of this missouri statue forcing nonconvicted to pay illegally electronic monitor fine, deception and misrepresentation nonconvicted illegally electronic monitor/GPS tracking and (6) laws of the state 374.717, 374.755(4), 374.700 (10) **"Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, nonconvicted illegally electronic monitor/GPS tracking and Broken the laws of the Missouri Constitution Bill of Rights Article I Section 2., Section 10., Section 15. and broken the laws as stated in Constitution of the United States Amendment I, Amendment IV, Amendment V, Amendment VII, Amendment VIII, Amendment XIV.**

Missouri Statute 374.764. Alleged violations and complaints, procedure. — 1. The director shall examine and inquire into all alleged violations or complaints filed with the department of insurance, financial institutions and professional registration of the bail bond law of the state, and inquire into and investigate the bail bond business transacted in the state by any bail bond agent, general bail bond agent, or surety recovery agent. An amended part to Missouri statute 374.764 1. Shall also include That the Attorney General shall investigate all alleged violations and Missouri Statute 621.015. Administrative hearing commission findings in Missouri Statute 621.110. Commission's findings and recommendations. And any violation of the law should also go through the judicial process as stated in Missouri Constitution Bill of Rights Article I Section 14. That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay.

[2. The director or any of his or her duly appointed agents may compel the attendance before him or her, and may examine, under oath, the directors, officers, bail bond agents, general bail bond agents, surety recovery agents, employees, or any other person in reference to the condition, affairs, management of the bail bond or surety recovery business, or any matters relating thereto. He or she may administer oaths or affirmations and shall have power to summon and compel the attendance of witnesses and to require and compel the production of records, books, papers, contracts, or other documents if necessary.]

[3. The director may make and conduct the investigation in person or the director may appoint one or more persons to make and conduct the investigation. If made by a person other than the director, the person duly appointed by the director shall have the same powers as granted to the director pursuant to this section. A certificate of appointment under the official seal of the director shall be sufficient authority and evidence thereof for the person to act. For the purpose of making the investigations, or having the same made, the director may employ the necessary clerical, actuarial, and other assistance.] **In Missouri Statute 374.764 2. Can act as a judge now and as stated compel the attendance before him or her, and may examine, under oath, He or she may administer oaths or affirmations and shall have power to summon and compel the attendance of witnesses and to require and compel the production of records, books, papers, contracts, or other documents if necessary. So he does this in his office not in a courtroom? In 3. If director appoints people they just need A certificate of appointment under the official seal of the director shall be sufficient authority and evidence thereof for the person to act. Each of these appointed people can act as judge and any law enforcement**

agent and require & compel any other person in reference to the condition, affairs, management of the bail bond or surety recovery business, or any matters relating thereto.

Missouri Statute 374.764. Alleged violations and complaints, procedure. **it violates the United States Constitution Amendment IV The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated,** and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

Amendment V No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces, or in the militia, when in actual service in time of war or public danger; **nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law;** nor shall private property be taken for public use, without just compensation. **Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted. Amendment I Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances. Amendment VI In all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial, by an impartial jury of the state and district wherein the crime shall have been committed, which district shall have been previously ascertained by law, and to be informed of the nature and cause of the accusation; to be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the assistance of counsel for his defense. Amendment VII In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any court of the United States, than according to the rules of the common law. Amendment XIV Section 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.**

[Missouri Statute 374.785. License issued, when — reciprocity — apprehension of defendant, permitted where — fee. 1. The director shall issue a license for a period of two years to any surety recovery agent who is licensed in another jurisdiction and who:

(1) Has no violations, suspensions, or revocations of a license to engage in fugitive recovery in any jurisdiction; and

(2) Is licensed in a jurisdiction whose requirements are substantially equal to or greater than the requirements for a surety recovery agent license in Missouri at the time the applicant applies for a license.

2. Any surety recovery agent who is licensed in another state shall also be subject to the same training requirements as in-state surety recovery agents prescribe to under section 374.784.

3. For the purpose of surrender of the defendant, a surety recovery agent may apprehend the defendant anywhere within the state of Missouri before or after the forfeiture of the undertaking without personal liability for false imprisonment or may empower any surety recovery agent to

make apprehension by providing written authority endorsed on a certified copy of the undertaking and paying the lawful fees.

4. Every applicant for a license pursuant to this section, upon making application and showing the necessary qualifications as provided in this section, shall be required to pay the same fee as required of resident applicants. Within the limits provided in this section, the director may negotiate reciprocal compacts with licensing entities of other states for the admission of licensed surety recovery agents from Missouri in other states.] **Missouri Statue 374.785. 3. For the purpose of surrender of the defendant, a surety recovery agent may apprehend the defendant anywhere within the state of Missouri before or after the forfeiture of the undertaking without personal liability for false imprisonment or may empower any surety recovery agent to make apprehension by providing written authority endorsed on a certified copy of the undertaking and paying the lawful fees. This violates another Missouri Statute 374.700 (10) "Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, captures and surrenders to the custody of a court a fugitive who has violated a bail bond agreement, excluding a bail bond agent or general bail bond agent; so if a Missouri statute is violated a law is violated so are more Missouri Constitutional rights and United States Constitutional rights, the last sentence in374.785 3. Paying what lawful fees the only fees in 374.700 those (8),(9) and (11)** (8) "Property bail bondsman", **a person who pledges United States currency, United States postal money orders or cashier's checks or other property as security** for a bail bond in connection with a judicial proceeding, and who receives or is **promised therefor money or other things of value;** (9) "Surety bail bond agent", any person appointed by an insurer by power of attorney to execute or countersign bail bonds in connection with judicial proceedings, **and who receives or is promised money or other things of value therefor;**(11) "Taking a bail" or "take bail", the acceptance by a person authorized to **take bail of the undertaking of a sufficient surety** for the appearance of the defendant according to the terms of the undertaking **or that the surety will pay to the court the sum specified.**

Missouri Statute 374.787. Complaint procedure. — 1. The director [may] cause a complaint to be filed with the administrative hearing commission as provided by chapter 621 against any surety recovery agent [or any person who has failed to renew] or has surrendered his or her license for any one or any combination of the following causes:

(1) Violation of any provisions of, or any obligations imposed by, the laws of this state, the department of insurance, financial institutions and professional registration rules and regulations, or aiding or abetting other persons to violate such laws, orders, rules, or regulations; (4) Obtaining or attempting to obtain any compensation as a surety recovery agent by means of fraud, deception, or misrepresentation; (6) Incompetence, misconduct, gross negligence, fraud, or misrepresentation in the performance of the functions or duties of a surety recovery agent;

2. After the filing of the complaint, the proceedings shall be conducted in accordance with the provisions of chapter 621. Upon a finding by the administrative hearing commission that one or more of the causes stated in subsection 1 of this section have been met, the director may suspend or revoke the license or enter into an agreement for a monetary or other penalty pursuant to section 374.280.

[3. In lieu of filing a complaint] with the administrative hearing commission, the director and the surety recovery agent may enter into an agreement for a monetary or other penalty pursuant to section 374.280.

Violations have taken place taking of money from people who are gps/electronic monitored no were in the chapter of 374 does it state taking of money for gps/electronic monitored which a lot of people have been put on in Missouri for just being charged for a crime, and nonconvicted are paying a excessive fines imposed, which violates United States Constitution Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.

[**Missouri Statute** 374.788. Apprehension standards for breach of surety agreement or absconding. — 1. A bail bond agent having probable grounds to believe a subject free on his or her bond has failed to appear as directed by a court, has breached the terms of the subject's surety agreement, or has taken a substantial step toward absconding may utilize all lawful means to apprehend the subject. To surrender a subject to a court, a licensed bail bond or surety recovery agent having probable grounds to believe the subject is free on his or her bond may:

(1) Detain the subject in a lawful manner, for a reasonable time, provided that in the event travel from another state is involved, the detention period may include reasonable travel time not to exceed seventy-two hours;

(2) Transport a subject in a lawful manner from state to state and county to county to a place of authorized surrender; and

(3) Enter upon private or public property in a lawful manner to execute apprehension of a subject.

2. A surety recovery agent who apprehends a subject pursuant to the provisions of subsection 1 of this section shall surrender custody of the subject to the court of jurisdiction.

3. When a surety recovery agent is in the process of performing fugitive recovery, a photographic identification card shall be prominently displayed on his or her person.] **Missouri Statute 374.788 Is in violation of another Missouri Statute 374.700 (10) "Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, captures and surrenders to the custody of a court a fugitive who has violated a bail bond agreement. and Missouri Statute 374.785 number 3., 374.788 has broken the Missouri statute 374.700(10) and Missouri Statute 374.789. Prohibited acts. 2. each stated hereafter Missouri Statute 374.700 (10) "Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, captures and surrenders to the custody of a court a fugitive who has violated a bail bond agreement. Missouri Statute 374.789. Prohibited acts. 2. Any person who engages in fugitive recovery in this state and wrongfully causes damage to any person or property, including, but not limited to, unlawful apprehension, unlawful detainment, or assault, shall be liable for such damages and may be liable for punitive damages. It violates the Missouri Constitution Bill of Rights Article I Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design. Section 10. That no person shall be deprived of life, liberty or property without due process of law. Section 14. That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay. Section 15. That the people shall be secure in their persons, papers,**

homes, effects, and electronic communications and data, from unreasonable searches and seizures; and no warrant to search any place, or seize any person or thing, or access electronic data or communication, shall issue without describing the place to be searched, or the person or thing to be seized, or the data or communication to be accessed, as nearly as may be; nor without probable cause, supported by written oath or affirmation. It violates The United States Constitution Amendment IV The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted. Amendment XIV Section 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws. Amendment I Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.

[**Missouri statute 374.786**. Renewal, procedure. 374.786. Renewal, procedure. — 1. Every person licensed pursuant to sections 374.783 to 374.789 shall, before the license renewal date, apply to the director for renewal for the ensuing licensing period. The application shall be made on a form furnished to the applicant and shall state the applicant's full name, the applicant's business address, the address at which the applicant resides, the date the applicant first received a license, and the applicant's surety recovery agent identification number, if any.

2. A renewal form shall be mailed to each person licensed in this state at the person's last known address. The failure to mail the renewal form or the failure of a person to receive it does not relieve any person of the duty to be licensed and to pay the license fee required nor exempt such person from the penalties provided for failure to be licensed.

3. Each applicant for renewal shall accompany such application with a renewal fee to be paid to the department for the licensing period for which renewal is sought.

4. The director may refuse to renew any license required pursuant to sections 374.783 to 374.789 for any one or any combination of causes stated in section 374.787. The director shall notify the applicant in writing of the reasons for refusal to renew and shall advise the applicant of his or her right to file a complaint with the administrative hearing commission as provided by chapter 621.]

The above Missouri Statutes with the brackets are unlawful as defined by Missouri statutes and unconstitutional by the Missouri constitution and The United States Constitution.

No were in chapter 374.695 to 374.789 does in state gps/electronic monitoring, nor paying fine for gps/electronic monitoring.

REGULATION OF BAIL BOND AGENTS

374.695 Citation of law. (prospective)

374.700 Definitions. (prospective)

374.702 License required, restrictions on practice. (prospective)

374.705 Department, powers and duties – fees, how determined. (prospective)

374.710 License required for bail bond agents, application, qualifications – exceptions. (prospective)

374.715 Application, form, qualifications, fee – monetary assignment required, amount, effective when. (prospective)

374.716 Accounting required, when – records submitted to director – bail contract provided to principal. (prospective)

374.717 Prohibited acts. (prospective)

374.719 Collateral security accepted, when – receipt required – used to reimburse costs, when – records to be retained. (prospective)

374.720 Examination, form, content – reexamination fee. (prospective)

374.730 License, biannual renewal, fee. (prospective)

374.735 Examination not required, when – fee – reciprocal contracts – completion of educational requirements required. (prospective)

374.740 Nonresident license requirements. (prospective)

374.750 Refusal to issue or renew license – applicant's right to hearing. (prospective)

374.755 Complaint by department, procedure – grounds – disciplinary action – alternate procedure – additional remedy. (prospective)

374.757 Notification by agent of intention to apprehend – local law enforcement may accompany agent – violations, penalties. (prospective)

374.759 Access to court records, when – defendant access to bail bond agent, how – agents qualified in all jurisdictions in the state. (prospective)

374.760 Unsatisfied judgments, affidavit filed monthly, form – content. (prospective)

374.763 Collection from surety after forfeiture – list of qualified bail bond agents to be furnished monthly to circuit courts. (prospective)

374.764 Alleged violations and complaints, procedure. (prospective)

374.770 Bond forfeiture, when – exception, defendant incarcerated in United States, procedure – surety's duties – violation of bond, rights and obligations of bondsman. (prospective)

374.775 Bonds of one thousand dollars or less – fee – additional fee – prohibited. (prospective)

SURETY RECOVERY AGENTS

374.783 Surety recovery agents, license required – director to license, powers. (prospective)

374.784 Application for licensure, contents, qualifications – refusal to issue license, when. (prospective)

374.785 License issued, when – reciprocity – apprehension of defendant, permitted where – fee. (prospective)

374.786 Renewal, procedure. (prospective)

374.787 Complaint, procedure. (prospective)

374.788 Apprehension standards for breach of surety agreement or absconding. (prospective)

374.789 Prohibited acts. (prospective)

WORKERS' COMPENSATION RESIDUAL MARKET REPORT

Revisor of Statutes
State of Missouri
Publications Constitution
About Help / FAQ
Words 1st search term And 2nd search term

Effective 01 Jan 2005, see footnote Chapter 374

TITLE XXIV BUSINESS AND FINANCIAL INSTITUTIONS

374.700. Definitions. — As used in sections 374.695 to 374.789, the following terms shall mean:

(1) "Bail bond agent", a surety agent or an agent of a property bail bondsman who is duly licensed pursuant to the provisions of sections 374.695 to 374.789, is employed by and is working under the authority of a licensed general bail bond agent;

(2) "Bail bond or appearance bond", a bond for a specified monetary amount which is executed by the defendant and a qualified licensee pursuant to sections 374.695 to 374.789, and which is issued to a court or authorized officer as security for the subsequent court appearance of the defendant upon the defendant's release from actual custody pending the appearance;

(3) "Department", the department of insurance, financial institutions and professional registration of the state of Missouri;

(4) "Director", the director of the department of insurance, financial institutions and professional registration;

(5) "General bail bond agent", a surety agent or a property bail bondsman, as defined in sections 374.700 to 374.775, who is licensed in accordance with sections 374.700 to 374.775 and who devotes at least fifty percent of his working time to the bail bond business in this state;

(6) "Insurer", any surety insurance company which is qualified by the department to transact surety business in Missouri;

(7) "Licensee", a bail bond agent or a general bail bond agent;

(8) "Property bail bondsman", a person who pledges United States currency, United States postal money orders or cashier's checks or other property as security for a bail bond in connection with a judicial proceeding, and who receives or is promised therefor money or other things of value;

(9) "Surety bail bond agent", any person appointed by an insurer by power of attorney to execute or countersign bail bonds in connection with judicial proceedings, and who receives or is promised money or other things of value therefor;

(10) "Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, captures and surrenders to the custody of a court a fugitive who has violated a bail bond agreement, excluding a bail bond agent or general bail bond agent;

(11) "Taking a bail" or "take bail", the acceptance by a person authorized to take bail of the undertaking of a sufficient surety for the appearance of the defendant according to the terms of the undertaking or that the surety will pay to the court the sum specified. Taking of bail or take bail does not include the fixing of the amount of bail and no person other than a competent court shall fix the amount of bail.

(L. 1983 S.B. 363 § 1, A.L. 2001 S.B. 267, A.L. 2004 S.B. 1122)

Effective 1-01-05

< end of effective 01 Jan 2005 >

Revisor of Statutes
State of Missouri
Publications Constitution
About Help / FAQ
Words 1st search term And 2nd search term

Effective 01 Jan 2005, see footnote Chapter 374

TITLE XXIV BUSINESS AND FINANCIAL INSTITUTIONS

374.710. License required for bail bond agents, application, qualifications — exceptions. — 1. Except as otherwise provided in sections 374.695 to 374.775, no person or other entity shall practice as a bail bond agent or general bail bond agent, as defined in section 374.700, in Missouri unless and until the department has issued to him or her a license, to be renewed every two years as hereinafter provided, to practice as a bail bond agent or general bail bond agent.

2. An applicant for a bail bond and general bail bond agent license shall submit with the application proof that he or she has received twenty-four hours of initial basic training in areas of instruction in subjects determined by the director deemed appropriate to professionals in the bail bond profession. Bail bond agents and general bail bond agents who are licensed at the date which this act becomes law" shall be exempt from such twenty-four hours of initial basic training.

3. In addition to the twenty-four hours of initial basic training to become a bail bond agent or general bail bond agent, there shall be eight hours of biennial continuing education for all bail bond agents and general bail bond agents to maintain their state license. The director shall determine said appropriate areas of instruction for said biennial continuing education. The director shall determine which institutions, organizations, associations, and individuals shall be eligible to provide the initial basic training and the biennial continuing education instruction. The department may allow state institutions, organizations, associations, or individuals to provide courses for the initial basic training and the biennial continuing education training. The cost shall not exceed two hundred dollars for the initial basic training and one hundred fifty dollars for biennial continuing education.

4. Upon completion of said basic training or biennial continuing education and the licensee meeting the other requirements as provided under sections 374.695 to 374.789, the director shall issue a two-year license for the bail bond agent or general bail bond agent for a fee not to exceed one hundred fifty dollars.

5. Nothing in sections 374.695 to 374.775 shall be construed to prohibit any person from posting or otherwise providing a bail bond in connection with any legal proceeding, provided that such person receives no fee, remuneration or consideration therefor.

(L. 1983 S.B. 363 § 3, A.L. 1995 S.B. 3, A.L. 2004 S.B. 1122)

Effective 1-01-05

*"This act" (S.B. 1122, 2004) contained effective dates of August 28, 2004, and January 1, 2005.

< end of effective 01 Jan 2005 >

use this link to bookmark section 374.710

Effective 01 Jan 2005, see footnote Chapter 374

Title XXIV BUSINESS AND FINANCIAL INSTITUTIONS

374.717. **Prohibited acts.** — No insurer or licensee, court, or law enforcement officer shall:

(1) Pay a fee or rebate or give or promise anything of value in order to secure a settlement, compromise, remission, or reduction of the amount of any bail bond to:

(a) A jailer, police officer, peace officer, committing judge, or any other person who has power to arrest or to hold in custody any person; or

(b) Any public official or public employee;

(2) Pay a fee or rebate or give anything of value to an attorney in bail bond matters, except in defense of any action on a bond;

(3) Pay a fee or rebate or give anything of value to the principal or anyone on the principal's behalf;

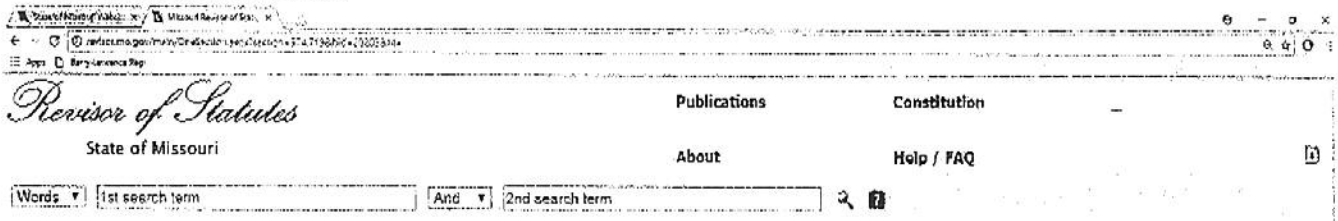
(4) Accept anything of value from a principal except the premium and expenses incurred, provided that the licensee shall be permitted to accept collateral security or other indemnity from the principal in accordance with the provisions of section 374.719.

(L. 2004 S.B. 1122)

Effective 1-01-05

< end of effective 01 Jan 2005 >

use this link to bookmark section 374.717



Effective 01 Jan 2005, see footnote Chapter 374

Title XXIV BUSINESS AND FINANCIAL INSTITUTIONS

374.719. **Collateral security accepted, when — receipt required — used to reimburse costs, when — records to be retained.** — 1. A licensee may accept collateral security from the principal in a fiduciary capacity, which collateral shall be returned upon final termination of liability on the bond. When a licensee accepts collateral, the licensee shall provide a prenumbered written receipt, which shall include a detailed account of the collateral received by the licensee. The acceptance of collateral security by a bail bond agent shall be reported to the general bail bond agent.

2. The collateral security required by the licensee shall be reasonable in relation to the amount of the bond.

3. If a failure to appear, absconding or attempting to abscond, or a judgment of forfeiture on the bond has occurred, the collateral security may be used to reimburse the licensee for any costs and expenses incurred associated with the forfeiture.

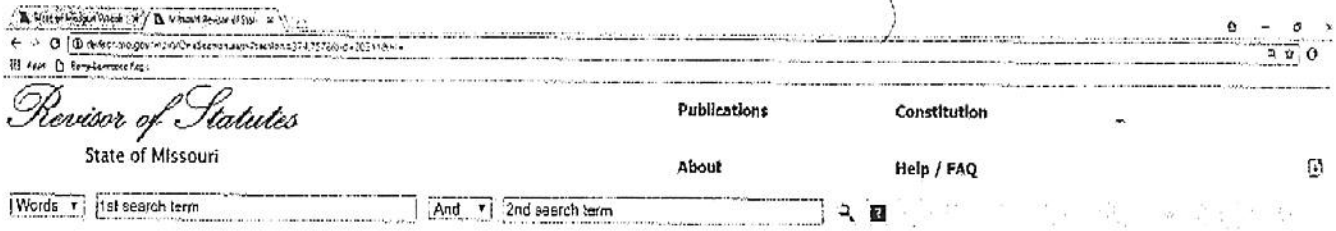
4. The general bail bond agent shall retain records of the acceptance, return, or judgment of forfeiture resulting in the use of the collateral to reimburse the licensee for a period of three years.

(L. 2004 S.B. 1122)

Effective 1-01-05

< end of effective 01 Jan 2005 >

use this link to bookmark section 374.719



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Effective 01 Jan 2017, see footnote Chapter 374

Title XXIV BUSINESS AND FINANCIAL INSTITUTIONS

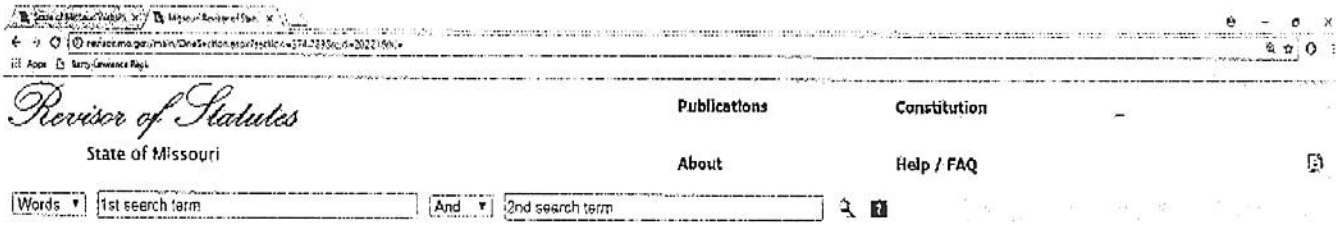
374.757. Notification by agent of intention to apprehend -- local law enforcement may accompany agent — violations, penalties. — 1. Any agent licensed by sections 374.695 to 374.775 who intends to apprehend any person in this state shall inform law enforcement authorities in the city or county in which such agent intends such apprehension, before attempting such apprehension. Such agent shall present to the local law enforcement authorities a certified copy of the bond and all other appropriate paperwork identifying the principal and the person to be apprehended. Local law enforcement may accompany the agent. Failure of any agent to whom this section applies to comply with the provisions of this section shall be a class A misdemeanor for the first violation and a class E felony for subsequent violations; and shall also be a violation of section 374.755 and may in addition be punished pursuant to that section.

2. The surety recovery agent shall inform the local law enforcement in the county or city where such agent is planning to enter a residence. Such agent shall have a certified copy of the bond and all appropriate paperwork to identify the principal. Local law enforcement, when notified, may accompany the surety recovery agent to that location to keep the peace if an active warrant is effective for a felony or misdemeanor. If a warrant is not active, the local law enforcement officers may accompany the surety recovery agent to such location. Failure to report to the local law enforcement agency is a class A misdemeanor. For any subsequent violations, failure to report to the local law enforcement agency is a class E felony.

(L. 2001 S.B. 267, A.L. 2004 S.B. 1122, A.L. 2014 S.B. 491)

Effective 1-01-17

< end of effective 01 Jan 2017 >



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Effective 28 Aug 2004 Chapter 374

Title XXIV BUSINESS AND FINANCIAL INSTITUTIONS

374.783. Surety recovery agents, license required — director to license, powers. — 1. No person shall hold himself or herself out as being a surety recovery agent in this state, unless such person is licensed in accordance with the provisions of sections 374.783 to 374.789. Licensed bail bond agents and general bail bond agents may perform fugitive recovery without being licensed as a surety recovery agent.

2. The director shall have authority to license all surety recovery agents in this state. The director shall have control and supervision over the licensing of such agents and the enforcement of the terms and provisions of sections 374.783 to 374.789.

3. The director shall have the power to:

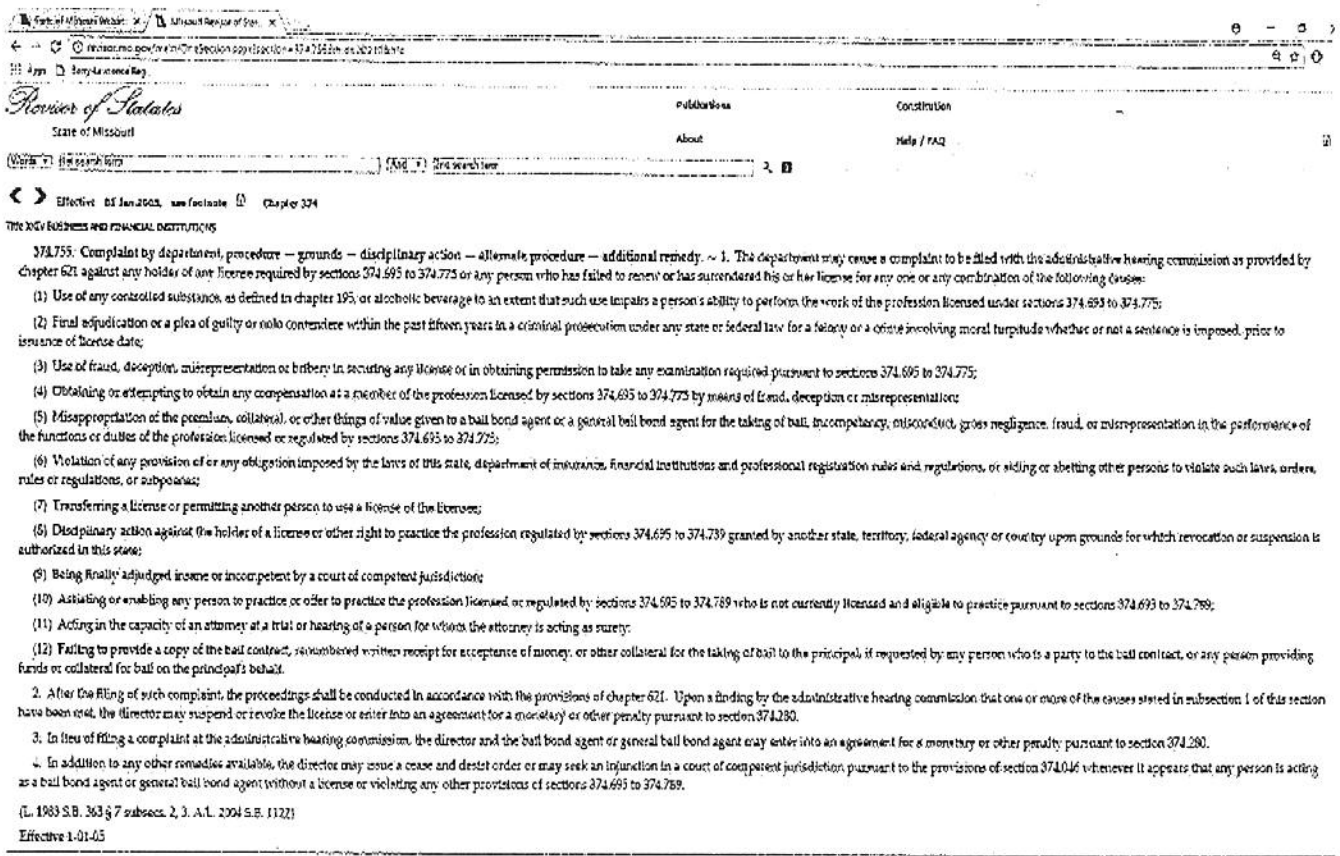
(1) Set and determine the amount of the fees authorized and required pursuant to sections 374.783 to 374.789. The fees shall be set at a level sufficient to produce revenue which shall not substantially exceed the cost and expense of administering sections 374.783 to 374.789. However, such fees shall not exceed one hundred fifty dollars for a two-year license; and

(2) Determine the sufficient qualifications of applicants for a license.

4. The director shall license for a period of two years all surety recovery agents in this state who meet the requirements of sections 374.783 to 374.789.

(L. 2004 S.B. 1122)

< end of effective 28 Aug 2004 >



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Effective 01 Jan 2003, see footnote Chapter 374

Title XXIV BUSINESS AND FINANCIAL INSTITUTIONS

374.755. Complaint by department, procedure — grounds — disciplinary action — alternate procedure — additional remedy. — 1. The department may cause a complaint to be filed with the administrative hearing commission as provided by chapter 621 against any holder of any license required by sections 374.695 to 374.775 or any person who has failed to renew or has surrendered his or her license for any one or any combination of the following causes:

(1) Use of any controlled substance, as defined in chapter 195, or alcoholic beverage to an extent that such use impairs a person's ability to perform the work of the profession licensed under sections 374.695 to 374.775;

(2) Final adjudication or a plea of guilty or nolo contendere within the past fifteen years in a criminal prosecution under any state or federal law for a felony or a crime involving moral turpitude whether or not a sentence is imposed, prior to issuance of license date;

(3) Use of fraud, deception, misrepresentation or bribery in securing any license or in obtaining permission to take any examination required pursuant to sections 374.695 to 374.775;

(4) Obtaining or attempting to obtain any compensation as a member of the profession licensed by sections 374.695 to 374.775 by means of fraud, deception or misrepresentation;

(5) Misappropriation of the premium, collateral, or other things of value given to a bail bond agent or a general bail bond agent for the taking of bail, incompetency, misconduct, gross negligence, fraud, or misrepresentation in the performance of the functions or duties of the profession licensed or regulated by sections 374.695 to 374.775;

(6) Violation of any provision of or any obligation imposed by the laws of this state, department of insurance, financial institutions and professional registration rules and regulations, or aiding or abetting other persons to violate such laws, orders, rules or regulations, or subpoenas;

(7) Transferring a license or permitting another person to use a license of the licensee;

(8) Disciplinary action against the holder of a license or other right to practice the profession regulated by sections 374.695 to 374.789 granted by another state, territory, federal agency or country upon grounds for which revocation or suspension is authorized in this state;

(9) Being finally adjudged insane or incompetent by a court of competent jurisdiction;

(10) Assisting or enabling any person to practice or offer to practice the profession licensed or regulated by sections 374.695 to 374.789 who is not currently licensed and eligible to practice pursuant to sections 374.695 to 374.789;

(11) Acting in the capacity of an attorney at a trial or hearing of a person for whom the attorney is acting as surety;

(12) Failing to provide a copy of the bail contract, surrendered written receipt for acceptance of money, or other collateral for the taking of bail to the principal, if requested by any person who is a party to the bail contract, or any person providing funds or collateral for bail on the principal's behalf.

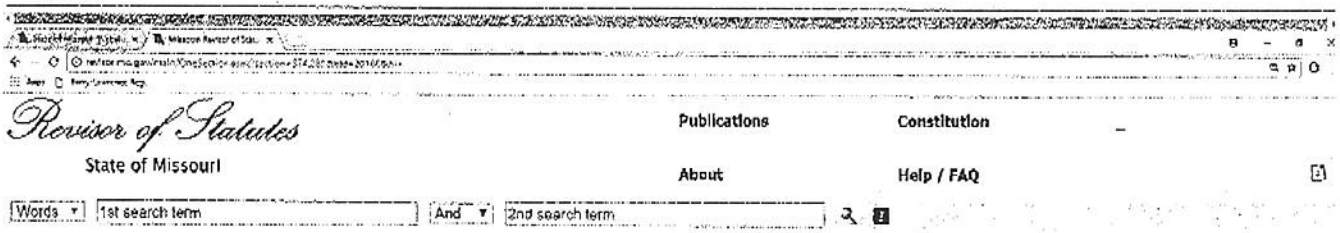
2. After the filing of such complaint, the proceedings shall be conducted in accordance with the provisions of chapter 621. Upon a finding by the administrative hearing commission that one or more of the causes stated in subsection 1 of this section have been met, the director may suspend or revoke the license or enter into an agreement for a monetary or other penalty pursuant to section 374.280.

3. In lieu of filing a complaint at the administrative hearing commission, the director and the bail bond agent or general bail bond agent may enter into an agreement for a monetary or other penalty pursuant to section 374.280.

4. In addition to any other remedies available, the director may issue a cease and desist order or may seek an injunction in a court of competent jurisdiction pursuant to the provisions of section 374.046 whenever it appears that any person is acting as a bail bond agent or general bail bond agent without a license or violating any other provisions of sections 374.695 to 374.789.

(L. 1983 S.B. 363 § 7 subsecs. 2, 3, A.L. 2004 S.B. 1122)

Effective 1-01-05



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Effective 28 Aug 2007 Chapter 374

Title XXIV BUSINESS AND FINANCIAL INSTITUTIONS

374.280. Civil penalty or forfeiture ordered when, how enforced. — 1. The director may, after a hearing under section 374.046, order a civil penalty or forfeiture payable to the state of Missouri authorized by section 374.049, which penalty or forfeiture, if unpaid within ten days, may be recovered by a civil action brought by and in the name of the director under section 374.048. The civil action may be brought in the county which has venue of an action against the person, partnership or corporation under other provisions of law. The director may also suspend or revoke the license or certificate of authority of such person for any willful violation.

2. Nothing contained in this section shall be construed to prohibit the director and any person subject to an investigation, examination, or other proceeding from agreeing to a voluntary forfeiture of the sum mentioned herein without civil proceedings being instituted. Any sum so agreed upon shall be paid into the school fund as provided by law for other fines and penalties.

(L. 1967 p. 516, A.L. 1993 H.B. 709, A.L. 2007 S.B. 66)

(1982) Legislature did not expressly provide private cause of actions for violation of section 379.118, although director of division of insurance may suspend or revoke license of an insurer for any willful violation of chapter 374. Shqeir v. Equifax, Inc. (Mo. banc) 636 S.W.2d 944.

< end of effective 28 Aug 2007 >

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Effective 28 Aug 2010 Chapter 621

Title XL ADDITIONAL EXECUTIVE DEPARTMENTS

621.015. Administrative hearing commission, number of commissioners — qualifications, appointment, terms, compensation. — The "Administrative Hearing Commission" is assigned to the office of administration. It shall consist of no more than five commissioners. The commissioners shall be appointed by the governor with the advice and consent of the senate. The term of each commissioner shall be for six years and until his successor is appointed, qualified and sworn. The commissioners shall be attorneys at law admitted to practice before the supreme court of Missouri, but shall not practice law during their term of office. Each commissioner shall receive annual compensation of fifty-one thousand dollars plus any salary adjustment provided pursuant to section 105.005. Each commissioner shall also be entitled to actual and necessary expenses in the performance of his duties. The office of the administrative hearing commission shall be located in the City of Jefferson and it may employ necessary clerical assistance, compensation and expenses of the commissioners to be paid from appropriations made for that purpose.

(L. 1965 p. 277 § 1, A.L. 1977 H.B. 841, A.L. 1978 S.B. 661, A.L. 1984 S.B. 528, A.L. 1986 S.B. 426, A.L. 2005 H.B. 824, A.L. 2010 H.B. 1868)

Revisor's note: Salary adjustment index is printed, as required by § 105.005, in Appendix E.

< end of effective 28 Aug 2010 >

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Effective 28 Aug 2011 Chapter 621

Title XL ADDITIONAL EXECUTIVE DEPARTMENTS

621.110. Commission's findings and recommendations — hearing by agency on disciplinary action. — Upon a finding in any cause charged by the complaint for which the license may be suspended or revoked as provided in the statutes and regulations relating to the profession or vocation of the licensee and within one hundred twenty days of the date the case became ready for decision, the commission shall deliver or transmit by mail to the agency which issued the license the record and a transcript of the proceedings before the commission together with the commission's findings of fact and conclusions of law. The commission may make recommendations as to appropriate disciplinary action but any such recommendations shall not be binding upon the agency. A copy of the findings of fact, conclusions of law and the commission's recommendations, if any, shall be delivered or transmitted by mail to the licensee if the licensee's whereabouts are known, and to any attorney who represented the licensee. Within thirty days after receipt of the record of the proceedings before the commission and the findings of fact, conclusions of law, and recommendations, if any, of the commission, the agency shall set the matter for hearing upon the issue of appropriate disciplinary action and shall notify the licensee of the time and place of the hearing, provided that such hearing may be waived by consent of the agency and licensee where the commission has made recommendations as to appropriate disciplinary action. In case of such waiver by the agency and licensee, the recommendations of the commission shall become the order of the agency. The licensee may appear at said hearing and be represented by counsel. The agency may receive evidence relevant to said issue from the licensee or any other source. After such hearing the agency may order any disciplinary measure it deems appropriate and which is authorized by law. In any case where the commission fails to find any cause charged by the complaint for which the license may be suspended or revoked, the commission shall dismiss the complaint, and so notify all parties.

(L. 1965 p. 277 § 5, A.L. 1978 S.B. 661, A.L. 2006 S.B. 756, A.L. 2011 H.B. 265)

< end of effective 28 Aug 2011 >

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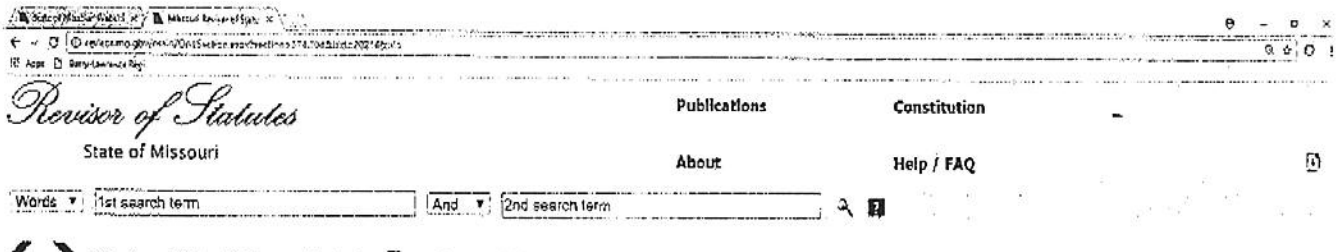


Effective 01 Jan 2005, see footnote Chapter 374

Title XXIV BUSINESS AND FINANCIAL INSTITUTIONS

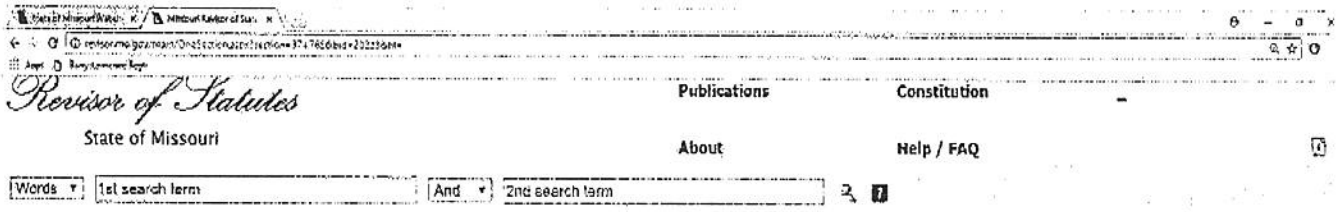
374.764. Alleged violations and complaints, procedure. — 1. The director shall examine and inquire into all alleged violations or complaints filed with the department of insurance, financial institutions and professional registration of the bail bond law of the state, and inquire into and investigate the bail bond business transacted in the state by any bail bond agent, general bail bond agent, or surety recovery agent.

2. The director or any of his or her duly appointed agents may compel the attendance before him or her, and may examine, under oath, the directors, officers, bail bond agents, general bail bond agents, surety recovery agents, employees, or any other person in reference to the condition, affairs, management of the bail bond or surety recovery business, or any matters relating thereto. He or she may administer oaths or affirmations and shall have power to summon and compel the attendance of witnesses and to require and compel the production of records, books, papers, contracts, or other documents if necessary.

3. The director may make and conduct the investigation in person or the director may appoint one or more persons to make and conduct the investigation. If made by a person other than the director, the person duly appointed by the director shall have the same powers as granted to the director pursuant to this section. A certificate of appointment under the official seal of the director shall be sufficient authority and evidence thereof for the person to act. For the purpose of making the investigations, or having the same made, the director may employ the necessary clerical, actuarial, and other assistance.

(L. 2004 S.B. 1122)

Effective 1-01-05



Effective 01 Jan 2005, see footnote Chapter 374

Title XXIV BUSINESS AND FINANCIAL INSTITUTIONS

374.785. License issued, when — reciprocity — apprehension of defendant, permitted where — fee. — 1. The director shall issue a license for a period of two years to any surety recovery agent who is licensed in another jurisdiction and who:

(1) Has no violations, suspensions, or revocations of a license to engage in fugitive recovery in any jurisdiction; and

(2) Is licensed in a jurisdiction whose requirements are substantially equal to or greater than the requirements for a surety recovery agent license in Missouri at the time the applicant applies for a license.

2. Any surety recovery agent who is licensed in another state shall also be subject to the same training requirements as in-state surety recovery agents prescribe to under section 374.784.

3. For the purpose of surrender of the defendant, a surety recovery agent may apprehend the defendant anywhere within the state of Missouri before or after the forfeiture of the undertaking without personal liability for false imprisonment or may empower any surety recovery agent to make apprehension by providing written authority endorsed on a certified copy of the undertaking and paying the lawful fees.

4. Every applicant for a license pursuant to this section, upon making application and showing the necessary qualifications as provided in this section, shall be required to pay the same fee as required of resident applicants. Within the limits provided in this section, the director may negotiate reciprocal compacts with licensing entities of other states for the admission of licensed surety recovery agents from Missouri in other states.

(L. 2004 S.B. 1122)

Effective 1-01-05

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Did not find section 374.787. Use browser refresh (F5) to retry request. bidFalse

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374.787. Complaint procedure. — 1. The director may cause a complaint to be filed with the administrative hearing commission as provided by chapter 621 against any surety recovery agent or any person who has failed to renew or has surrendered his or her license for any one or any combination of the following causes:

(1) Violation of any provisions of, or any obligations imposed by, the laws of this state, the department of insurance, financial institutions and professional registration rules and regulations, or aiding or abetting other persons to violate such laws, orders, rules, or regulations;

(2) Final adjudication or a plea of guilty or nolo contendere in a criminal prosecution under state or federal law for a felony or a crime involving moral turpitude, whether or not a sentence is imposed;

(3) Using fraud, deception, misrepresentation, or bribery in securing a license or in obtaining permission to take any examination required by sections 374.783 to 374.789;

(4) Obtaining or attempting to obtain any compensation as a surety recovery agent by means of fraud, deception, or misrepresentation;

(5) Acting as a surety recovery agent or aiding or abetting another in acting as a surety recovery agent without a license;

(6) Incompetence, misconduct, gross negligence, fraud, or misrepresentation in the performance of the functions or duties of a surety recovery agent;

(7) Having a license revoked or suspended that was issued by another state.

2. After the filing of the complaint, the proceedings shall be conducted in accordance with the provisions of chapter 621. Upon a finding by the administrative hearing commission that one or more of the causes stated in subsection 1 of this section have been met, the director may suspend or revoke the license or enter into an agreement for a monetary or other penalty pursuant to section 374.280.

3. In lieu of filing a complaint with the administrative hearing commission, the director and the surety recovery agent may enter into an agreement for a monetary or other penalty pursuant to section 374.280.

4. In addition to any other remedies available, the director may issue a cease and desist order or may seek an injunction in a court of law pursuant to section 374.046 whenever it appears that any person is acting as a surety recovery agent without a license.

(L. 2004 S.B. 1122)

Effective 1-01-05

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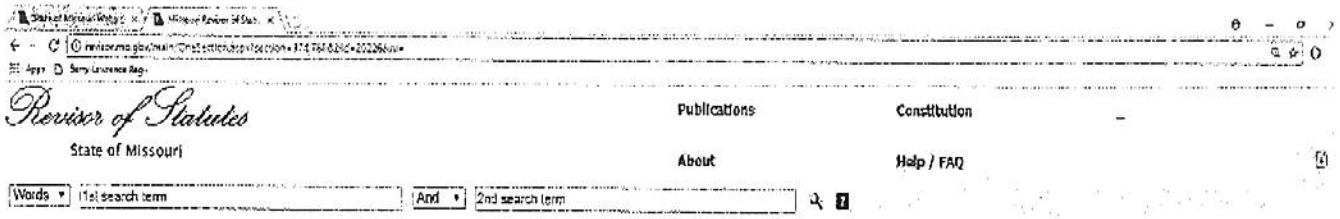

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Effective 01 Jan 2005, see footnote Chapter 374

Title XXIV BUSINESS AND FINANCIAL INSTITUTIONS

374.788. Apprehension standards for breach of surety agreement or absconding. — 1. A bail bond agent having probable grounds to believe a subject free on his or her bond has failed to appear as directed by a court, has breached the terms of the subject's surety agreement, or has taken a substantial step toward absconding may utilize all lawful means to apprehend the subject. To surrender a subject to a court, a licensed bail bond or surety recovery agent having probable grounds to believe the subject is free on his or her bond may:

(1) Detain the subject in a lawful manner, for a reasonable time, provided that in the event travel from another state is involved, the detention period may include reasonable travel time not to exceed seventy-two hours;

(2) Transport a subject in a lawful manner from state to state and county to county to a place of authorized surrender; and

(3) Enter upon private or public property in a lawful manner to execute apprehension of a subject.

2. A surety recovery agent who apprehends a subject pursuant to the provisions of subsection 1 of this section shall surrender custody of the subject to the court of jurisdiction.

3. When a surety recovery agent is in the process of performing fugitive recovery, a photographic identification card shall be prominently displayed on his or her person.

(L. 2004 S.B. 1122)

Effective 1-01-05

< end of effective 01 Jan 2005 >

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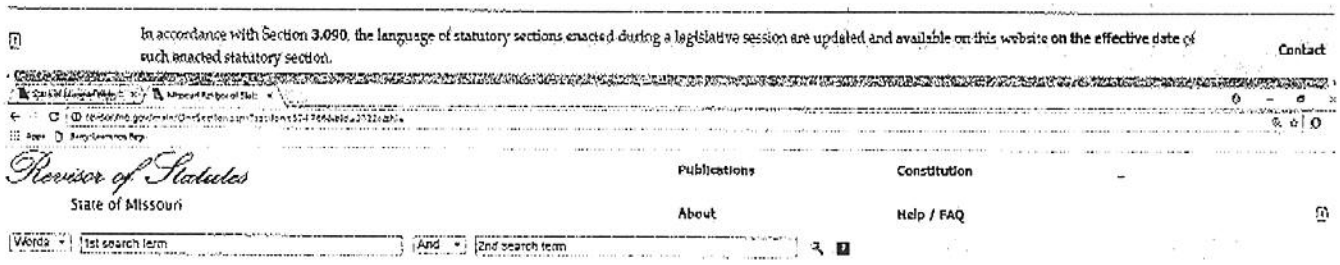

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Title XXIV BUSINESS AND FINANCIAL INSTITUTIONS

374.786. Renewal, procedure. — 1. Every person licensed pursuant to sections 374.783 to 374.789 shall, before the license renewal date, apply to the director for renewal for the ensuing licensing period. The application shall be made on a form furnished to the applicant and shall state the applicant's full name, the applicant's business address, the address at which the applicant resides, the date the applicant first received a license, and the applicant's surety recovery agent identification number, if any.

2. A renewal form shall be mailed to each person licensed in this state at the person's last known address. The failure to mail the renewal form or the failure of a person to receive it does not relieve any person of the duty to be licensed and to pay the license fee required nor exempt such person from the penalties provided for failure to be licensed.

3. Each applicant for renewal shall accompany such application with a renewal fee to be paid to the department for the licensing period for which renewal is sought.

4. The director may refuse to renew any license required pursuant to sections 374.783 to 374.789 for any one or any combination of causes stated in section 374.787. The director shall notify the applicant in writing of the reasons for refusal to renew and shall advise the applicant of his or her right to file a complaint with the administrative hearing commission as provided by chapter 621.

(L. 2004 S.B. 1122)

Effective 1-01-05

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JOHN R. ASHCROFT
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STATE OF MISSOURI

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ELECTIONS DIVISION
(573) 751-2301

September 11, 2017

STATE AUDITOR'S OFFICE
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The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 147 (2018-277)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on September 11, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
SEP 11 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

Signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County

FUTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OR PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORG.ERY.

I am at least 18 years of age. I do___ do not___(check one) expect to be paid for circulating this petition. If paid, list the payer_____

Signature of Affiant (person obtaining signatures) _____ Street address of Affiant_____

Printed name of Affiant_____ City, State, and zip code of Affiant_____

Subscribed and sworn to me this_____ day of _____A.D._____

Signature of Notary_____ Notary Public (Seal)

Address of Notary_____ My commission expires _/_/____

Be it enacted by the people e of the state of Missouri

The annual franchise tax of Chapter 147.RSMo will be amended to be re-instated as follows with the revenue to be distributed to the Missouri Road Fund, to the higher education fund and to school districts with a 12% or more poverty level as directed by this amendment:

147.010 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state exceed two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter 351 or not, shall be subject to this section. Any corporation whose outstanding shares and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state that fact on the annual report form prescribed by the secretary of state. For all taxable years beginning on or after January 1, 2000, but ending before December 31, 2009, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do not exceed one million dollars shall state that fact on the annual report form prescribed by the director of revenue. For taxable years beginning on or after January 1, 2010, but before December 31, 2011, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars. For all taxable years beginning on or after January 1, 2010, but before December 31, 2015, any corporation whose outstanding shares and surplus do not exceed ten million dollars shall state that fact on the annual report form prescribed by the director of revenue. For all taxable years beginning on or after January 1, 2011, but before December 31, 2015, a corporation's annual tax liability under this chapter shall not exceed the amount of annual franchise tax liability of such corporation for the taxable year ending on or before December 31, 2010. If the corporation had no annual franchise tax liability under this chapter for the taxable year ending on or before December 31, 2010, because such corporation was not in existence or doing business in Missouri, the annual franchise tax for the first taxable year in which such corporation exists shall be determined by applying the applicable rate of tax provided under the provisions of this subsection to the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars, but in no case shall such corporation's tax liability for any subsequent taxable year exceed the amount of annual franchise tax liability of such corporation for the first full taxable year such corporation was in existence or doing business in Missouri. For taxable years beginning on or after January 1, 2012, the annual franchise tax shall be equal to the percentage rate prescribed in this subsection for the corresponding taxable year of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed the corresponding minimum threshold amount prescribed as follows:

(1) For tax year 2012, the rate shall be one-thirty-seventh of one percent and the threshold amount shall be ten million dollars;

(2) For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold amount shall be ten million dollars;

(3) For tax year 2014, the rate shall be one-seventy-fifth of one percent and the threshold amount shall be ten million dollars;

(4) For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the threshold amount shall be ten million dollars;

(5) For tax years beginning on or after January 1, 2016, no annual franchise tax shall be imposed under this section until the tax year of 2019.

(6) For the tax year 2019, the rate shall be two percent and the threshold amount shall be ten million dollars and shall remain at that rate unless changed through a ballot of the citizens of the state of Missouri. The first quarterly estimated payments will be due on April 15th of 2019.

(7) Half of the revenue of the annual franchise tax will go into the Missouri State Road Fund.

(8) Three quarters of the remaining revenue of the annual franchise tax will be to provide funds for the school districts with a 12% or more poverty level of the Missouri public-school system including pre-kindergarten, elementary and secondary education. The revenue generated from the franchise tax for this section will go to a dedicated fund that will be distributed to these schools with a 12% or more poverty level. No Missouri revenue will go to non-public schools. The Missouri budget for elementary and secondary education will not be replaced by this bill. The elementary and secondary education budgets will remain as specified in Chapter 163. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget.

(9) One quarter of the remaining revenue of the annual franchise tax will be to provide revenue for the Department of Higher Education Budget. The Missouri budget for the Department of Higher Education will not be replaced by this bill. The Department of Higher Education Budget by the state will remain at least equal to a percent of the total budget from general revenue in future years as during the year 2015. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget. The initial revenue of $48 million from the annual franchise tax will go to help finance construction of a downtown arts campus for the University of Missouri in Kansas City. The revenue generated after this date will be allotted to the budget of the Department of Higher Education to spend as needed with an emphasis on increasing full time and tenured professors.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 8, 2017

RECEIVED
SEP 08 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Brian Hagg regarding a proposed statutory amendment to Chapters 217 & 544 (2018-276)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Brian Hagg on September 7, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
SEP 07 2017
MO. SECRETARY OF STATE

Chapter 217 Department of Corrections
DEPARTMENT, ORGANIZATION, POWERS AND RESPONSIBILITIES

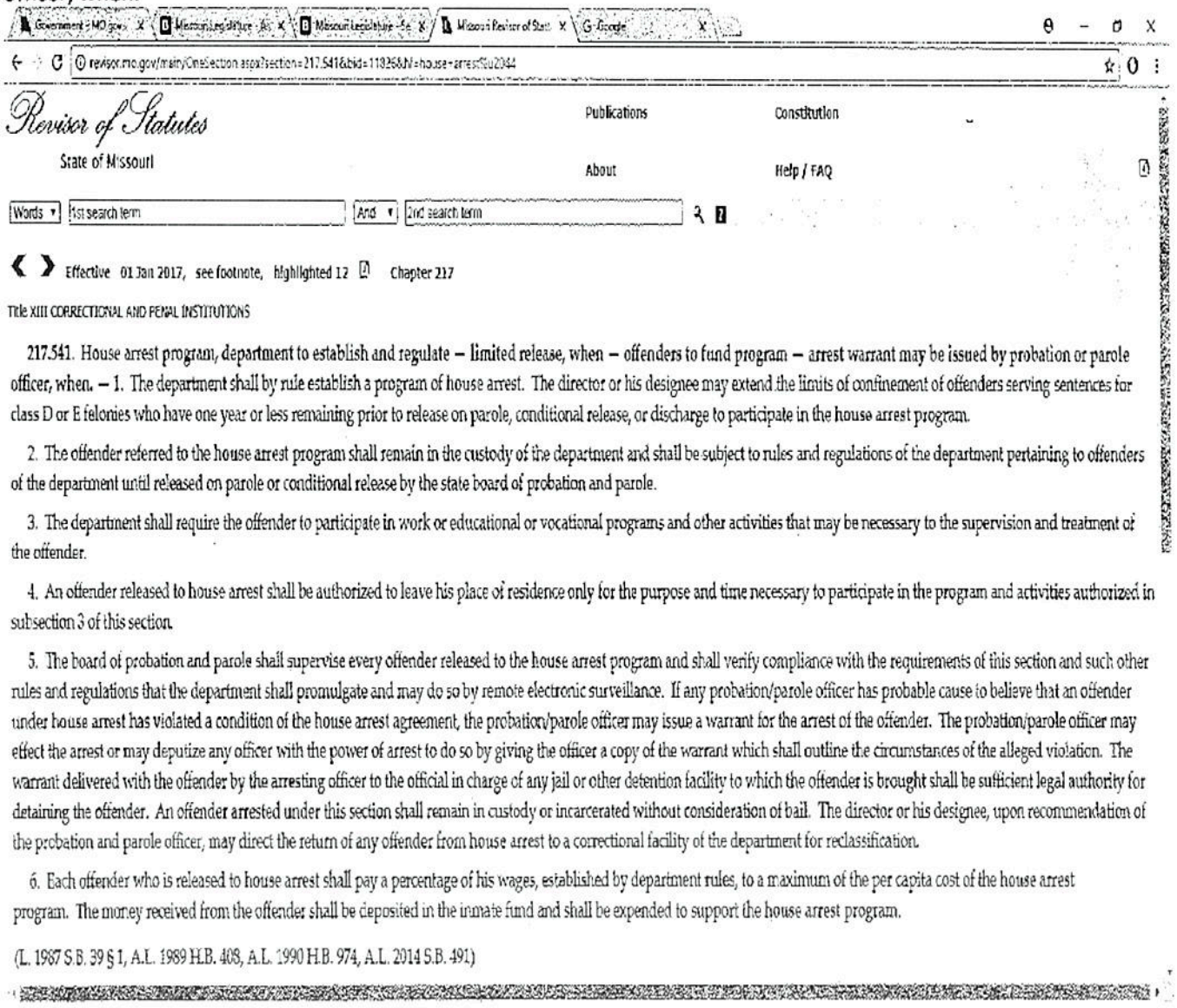
HOUSE ARREST PROGRAM

217.541 House arrest program, department to establish and regulate — limited release, when — offenders to fund program — arrest warrant may be issued by probation or parole officer, when. (1/1/2017)

217.542 Failure to return to house arrest, felony. (1/1/2017)

217.543 House arrest authorized for certain prisoners — jailer to establish program — remote electronic surveillance allowed — percentage of prisoner's wage to pay cost — violation penalty — (St. Louis City). (1/1/2017)

Missouri Statute 217.541 House arrest program, department to establish and regulate — limited release, when — offenders to fund program — arrest warrant may be issued by probation or parole officer, when.



Revisor of Statutes
State of Missouri

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Words | 1st search term | And | 2nd search term

Effective 01 Jan 2017, see footnote, highlighted 12 Chapter 217

Title XIII CORRECTIONAL AND PENAL INSTITUTIONS

217.541. House arrest program, department to establish and regulate – limited release, when – offenders to fund program – arrest warrant may be issued by probation or parole officer, when. – 1. The department shall by rule establish a program of house arrest. The director or his designee may extend the limits of confinement of offenders serving sentences for class D or E felonies who have one year or less remaining prior to release on parole, conditional release, or discharge to participate in the house arrest program.

2. The offender referred to the house arrest program shall remain in the custody of the department and shall be subject to rules and regulations of the department pertaining to offenders of the department until released on parole or conditional release by the state board of probation and parole.

3. The department shall require the offender to participate in work or educational or vocational programs and other activities that may be necessary to the supervision and treatment of the offender.

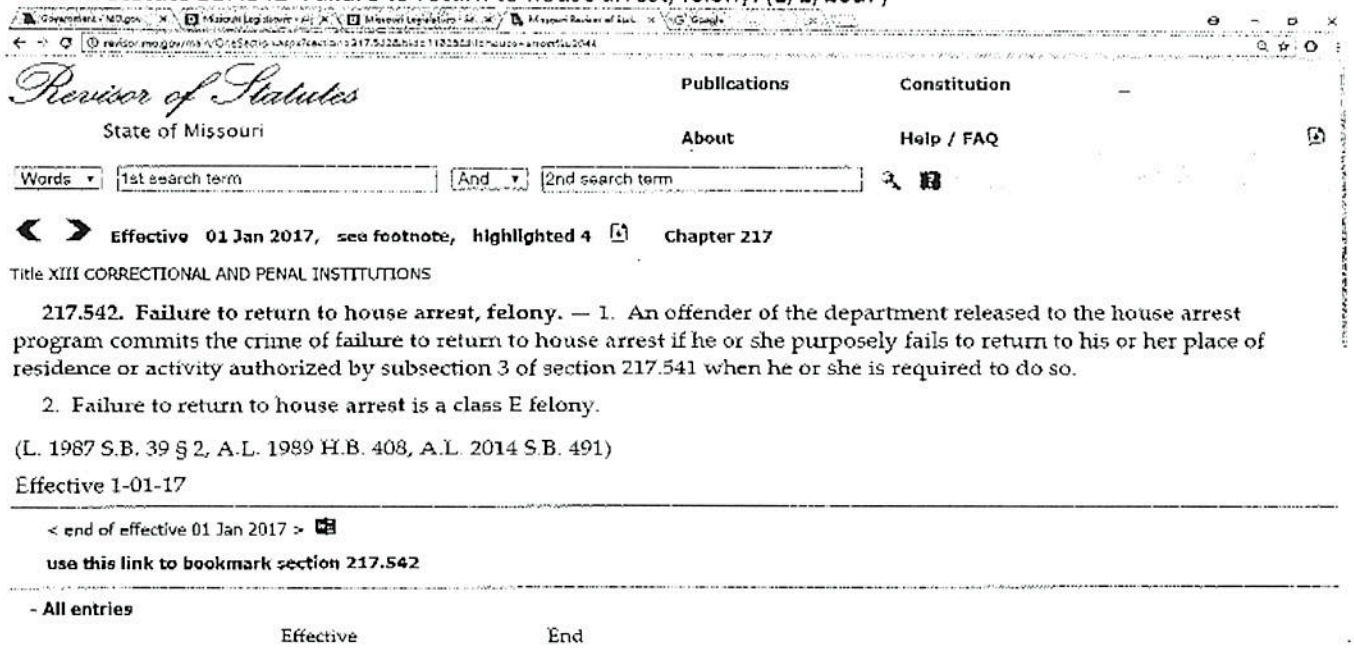
4. An offender released to house arrest shall be authorized to leave his place of residence only for the purpose and time necessary to participate in the program and activities authorized in subsection 3 of this section.

5. The board of probation and parole shall supervise every offender released to the house arrest program and shall verify compliance with the requirements of this section and such other rules and regulations that the department shall promulgate and may do so by remote electronic surveillance. If any probation/parole officer has probable cause to believe that an offender under house arrest has violated a condition of the house arrest agreement, the probation/parole officer may issue a warrant for the arrest of the offender. The probation/parole officer may effect the arrest or may deputize any officer with the power of arrest to do so by giving the officer a copy of the warrant which shall outline the circumstances of the alleged violation. The warrant delivered with the offender by the arresting officer to the official in charge of any jail or other detention facility to which the offender is brought shall be sufficient legal authority for detaining the offender. An offender arrested under this section shall remain in custody or incarcerated without consideration of bail. The director or his designee, upon recommendation of the probation and parole officer, may direct the return of any offender from house arrest to a correctional facility of the department for reclassification.

6. Each offender who is released to house arrest shall pay a percentage of his wages, established by department rules, to a maximum of the per capita cost of the house arrest program. The money received from the offender shall be deposited in the inmate fund and shall be expended to support the house arrest program.

(L. 1987 S.B. 39 § 1, A.L. 1989 H.B. 408, A.L. 1990 H.B. 974, A.L. 2014 S.B. 491)

Missouri Statute 217.542 Failure to return to house arrest, felony. (1/1/2017)



Revisor of Statutes
State of Missouri

Publications Constitution
About Help / FAQ

Words 1st search term And 2nd search term

Effective 01 Jan 2017, see footnote, highlighted 4 Chapter 217

Title XIII CORRECTIONAL AND PENAL INSTITUTIONS

217.542. Failure to return to house arrest, felony. — 1. An offender of the department released to the house arrest program commits the crime of failure to return to house arrest if he or she purposely fails to return to his or her place of residence or activity authorized by subsection 3 of section 217.541 when he or she is required to do so.

2. Failure to return to house arrest is a class E felony.

(L. 1987 S.B. 39 § 2, A.L. 1989 H.B. 408, A.L. 2014 S.B. 491)

Effective 1-01-17

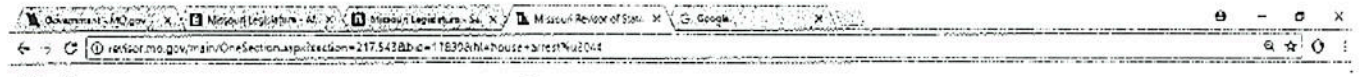
< end of effective 01 Jan 2017 >

use this link to bookmark section 217.542

- All entries

Effective End

217.543 House arrest authorized for certain prisoners — jailer to establish program — remote electronic surveillance allowed — percentage of prisoner's wage to pay cost — violation penalty — (St. Louis City). (1/1/2017)



Effective 01 Jan 2017, see footnote, highlighted 10 Chapter 217

Title XIII CORRECTIONAL AND PENAL INSTITUTIONS

217.543. House arrest authorized for certain prisoners — jailer to establish program — remote electronic surveillance allowed — percentage of prisoner's wage to pay cost — violation penalty — (St. Louis City). — 1. The jailer of any city not within a county having custody of pretrial detainees or persons serving sentences for violation of state or local laws may establish a program of house arrest consistent with the provisions of this section.

2. Such jailer shall by rule establish a program of house arrest. Such jailer may extend the limits of confinement for pretrial detainees or persons serving sentences for violation of state or local laws.

3. The inmate or detainee shall remain an inmate of such jailer and shall be subject to the rules and regulations of the house arrest program.

4. Such jailer shall require the inmate or detainee to participate in work or educational or vocational programs and other activities that may be necessary to the supervision and treatment of the inmate or detainee.

5. An inmate or detainee released to house arrest shall be authorized to leave his or her place of residence only for the purpose and time necessary to participate in the programs and activities authorized.

6. Such jailer shall supervise every inmate or detainee released to the house arrest program and shall verify compliance with the requirements set forth for each person so released and such other rules and regulations that such jailer shall promulgate, and may do so by remote electronic surveillance. Such jailer may direct to any peace officer the return of any inmate or detainee from house arrest for violation of the conditions of release.

7. Each inmate or detainee who is released on house arrest shall pay a percentage of his or her wages to cover the costs of house arrest, such amount to be established by the jailer.

8. An inmate released to the house arrest program pursuant to this section commits the crime of escape from custody if such inmate purposely fails to return to his or her place of residence or activity as established by the jailer when he or she is required to do so. Escape from custody is a class E felony.

(L. 1991 H.B. 566, A.L. 2014 S.B. 491)

Title XXXVIII CRIMES AND PUNISHMENT; PEACE OFFICERS AND PUBLIC DEFENDERS
Chapter 557 General Sentencing Provisions
Missouri Statute 557.011 Authorized dispositions. (8/28/2013

Government :: MO.gov | Missouri Legislature - Al | Missouri Legislature - Se | Missouri Revisor of Stat. | Google
revisor.mo.gov/main/OneSection.aspx?section=557.011&bid=29059&hl=house+arrest%2c2044
Effective 28 Aug 2013, highlighted 4 Chapter 557

Title XXXVIII CRIMES AND PUNISHMENT; PEACE OFFICERS AND PUBLIC DEFENDERS

557.011. Authorized dispositions. – 1. Every person found guilty of an offense shall be dealt with by the court in accordance with the provisions of this chapter, except that for offenses defined outside this code and not repealed, the term of imprisonment or the fine that may be imposed is that provided in the statute defining the offense; however, the conditional release term of any sentence of a term of years shall be determined as provided in subsection 4 of section 558.011.

2. Whenever any person has been found guilty of a felony or a misdemeanor the court shall make one or more of the following dispositions of the offender in any appropriate combination. The court may:

(1) Sentence the person to a term of imprisonment as authorized by chapter 558;

(2) Sentence the person to pay a fine as authorized by chapter 560;

(3) Suspend the imposition of sentence, with or without placing the person on probation;

(4) Pronounce sentence and suspend its execution, placing the person on probation;

(5) Impose a period of detention as a condition of probation, as authorized by section 559.026.

3. Whenever any person has been found guilty of an infraction, the court shall make one or more of the following dispositions of the offender in any appropriate combination. The court may:

(1) Sentence the person to pay a fine as authorized by chapter 560;

(2) Suspend the imposition of sentence, with or without placing the person on probation;

(3) Pronounce sentence and suspend its execution, placing the person on probation.

4. Whenever any organization has been found guilty of an offense, the court shall make one or more of the following dispositions of the organization in any appropriate combination. The court may:

(1) Sentence the organization to pay a fine as authorized by chapter 560;

(2) Suspend the imposition of sentence, with or without placing the organization on probation;

(3) Pronounce sentence and suspend its execution, placing the organization on probation;

(4) Impose any special sentence or sanction authorized by law.

5. This chapter shall not be construed to deprive the court of any authority conferred by law to decree a forfeiture of property, suspend or cancel a license, remove a person from office, or impose any other civil penalty. An appropriate order exercising such authority may be included as part of any sentence.

6. In the event a sentence of confinement is ordered executed, a court may order that an individual serve all or any portion of such sentence on electronic monitoring; except that all costs associated with the electronic monitoring shall be charged to the person on house arrest. If the judge finds the person unable to afford the costs associated with electronic monitoring, the judge may order that the person be placed on house arrest with electronic monitoring if the county commission agrees to pay the costs of such monitoring. If the person on house arrest is unable to afford the costs associated with electronic monitoring and the county commission does not agree to pay from the general revenue of the county the costs of such electronic monitoring, the judge shall not order that the person be placed on house arrest with electronic monitoring.

Missouri Statute **217.541. House arrest program**, department to establish and regulate — limited release, when — offenders to fund program — arrest warrant may be issued by probation or parole officer, when. — 1. **The department shall by rule establish a program of house arrest. The director or his designee may extend the limits of confinement of offenders serving sentences for class D or E felonies who have one year or less remaining prior to release on parole, conditional release, or discharge to participate in the house arrest program.... 6. Each offender who is released to house arrest shall pay a percentage of his wages, established by department rules, to a maximum of the per capita cost of the house arrest program. The money received from the offender shall be deposited in the inmate fund and shall be expended to support the house arrest program.**

Missouri Statute **217.542. Failure to return to house arrest, felony. — 1. An offender of the department released to the house arrest program commits the crime of failure to return to house arrest if he or she purposely fails to return to his or her place of residence or activity authorized by subsection 3 of section 217.541 when he or she is required to do so. 2. Failure to return to house arrest is a class E felony.**

Missouri Statute **217.543. House arrest authorized for certain prisoners — jailer to establish program — remote electronic surveillance allowed — percentage of prisoner's wage to pay cost — violation penalty — (St. Louis City). — 1. The jailer of any city not within a county having custody of pretrial detainees or persons serving sentences for violation of state or local laws may establish a program of house arrest consistent with the provisions of this section.**

Missouri Statute **557.011. Authorized dispositions. — 1. Every person found guilty of an offense shall be dealt with by the court in accordance with the provisions of this chapter,** except that for offenses defined outside this code and not repealed, **the term of imprisonment or the fine that may be imposed is that provided in the statute defining the offense;** however, the conditional release term of any sentence of a term of years shall be determined as provided in subsection 4 of section 558.011.

2. (2.) 3. (1.) 4.(1).sentence the person to pay fines authorized by chapter 560. **Need to be changed.**

6. **In the event a sentence of confinement is ordered executed, a court may order that an individual serve all or any portion of such sentence on electronic monitoring; except that all costs associated with the electronic monitoring shall be charged to the person on house arrest.** If the judge finds the person unable to afford the costs associated with electronic monitoring, the judge may order that the person be placed **on house arrest with electronic monitoring if the county commission agrees to pay the costs of such monitoring.** If the person on house arrest is unable to afford the costs associated with electronic monitoring and the county commission does not agree to pay from the general revenue of the county the costs of such electronic monitoring, **the judge shall not order that the person be placed on house arrest with electronic monitoring.**

A.L. 2011 H.B. 111, A.L. 2013 H.B. 215 merged with H.B. 374 & 434 merged with S.B. 327)

Missouri Statute **217.541, 217.542, 217.543, did not have a court or jury as the statutes say who is in charge of house arrest and electronic monitoring, which came about in 2014 with S.B. 491,** Missouri Statute **557.011 on house arrest with electronic monitoring tell 2013 A.L. 2011 H.B. 111, A.L. 2013 H.B. 215 merged with H.B. 374 & 434 merged with S.B. 327) It violates the Missouri Constitution Bill of Rights Article I Section 10 That no person shall be deprived of life, liberty or property without due process of law. Section 14. That the courts**

of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay.
Violates the United States Constitutional **Amendment VIII Excessive bail shall not be required, nor excessive fines imposed,** nor cruel and unusual punishments inflicted. Also **Amendment XIVSection 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law**; nor deny to any person within its jurisdiction the equal protection of the laws.

Here is where the violation of due process rights and equal protection under the law for persons charged with a bailable offence, are treated the same as persons found guilty in Missouri Statute 544.455 as stated below…

Ch. 544 Arrest, Examination, Commitment and Bail
Missouri Statute **544.455. Release of person charged, when — conditions which may be imposed. — 1. Any person charged with a bailable offense, at his or her appearance before an associate circuit judge or judge may be ordered released pending trial, appeal, or other stage of the proceedings against him on his personal recognizance, unless the associate circuit judge or judge determines, in the exercise of his discretion, that such a release will not reasonably assure the appearance of the person as required. When such a determination is made, the associate circuit judge or judge may either in lieu of or in addition to the above methods of release, impose any or any combination of the following conditions of release which will reasonably assure the appearance of the person for trial:**
(6) **Place the person on house arrest with electronic monitoring; except that all costs associated with the electronic monitoring shall be charged to the person on house arrest.** If the judge finds the person unable to afford the costs associated with electronic monitoring, **the judge may order that the person be placed on house arrest with electronic monitoring if the county commission agrees to pay from the general revenue of the county the costs of such monitoring**. If the person on house arrest is unable to afford the costs associated with electronic monitoring and the county commission does not agree to pay the costs of such electronic monitoring, **the judge shall not order that the person be placed on house arrest with electronic monitoring;**
A.L. 2011 H.B. 111, A.L. 2013 H.B. 215 merged with H.B. 374 & 434 merged with S.B. 327)
Missouri Statute **544.455 did not have house arrest with electronic monitoring; tell the above House and Senate bills passed in 2013.** Missouri Statute 544.455. **does not state who is in charge of house arrest persons nor where the money from house arrest with electronic monitoring; goes to. Somehow the money from Missouri Statute 544.455 from house arrest with electronic monitoring goes to private bail/bond companies, NO statement in the statute. It violates the Missouri Constitution Bill of Rights Article I Section 2. That all constitutional government is intended to promote the general welfare of the people; that all**

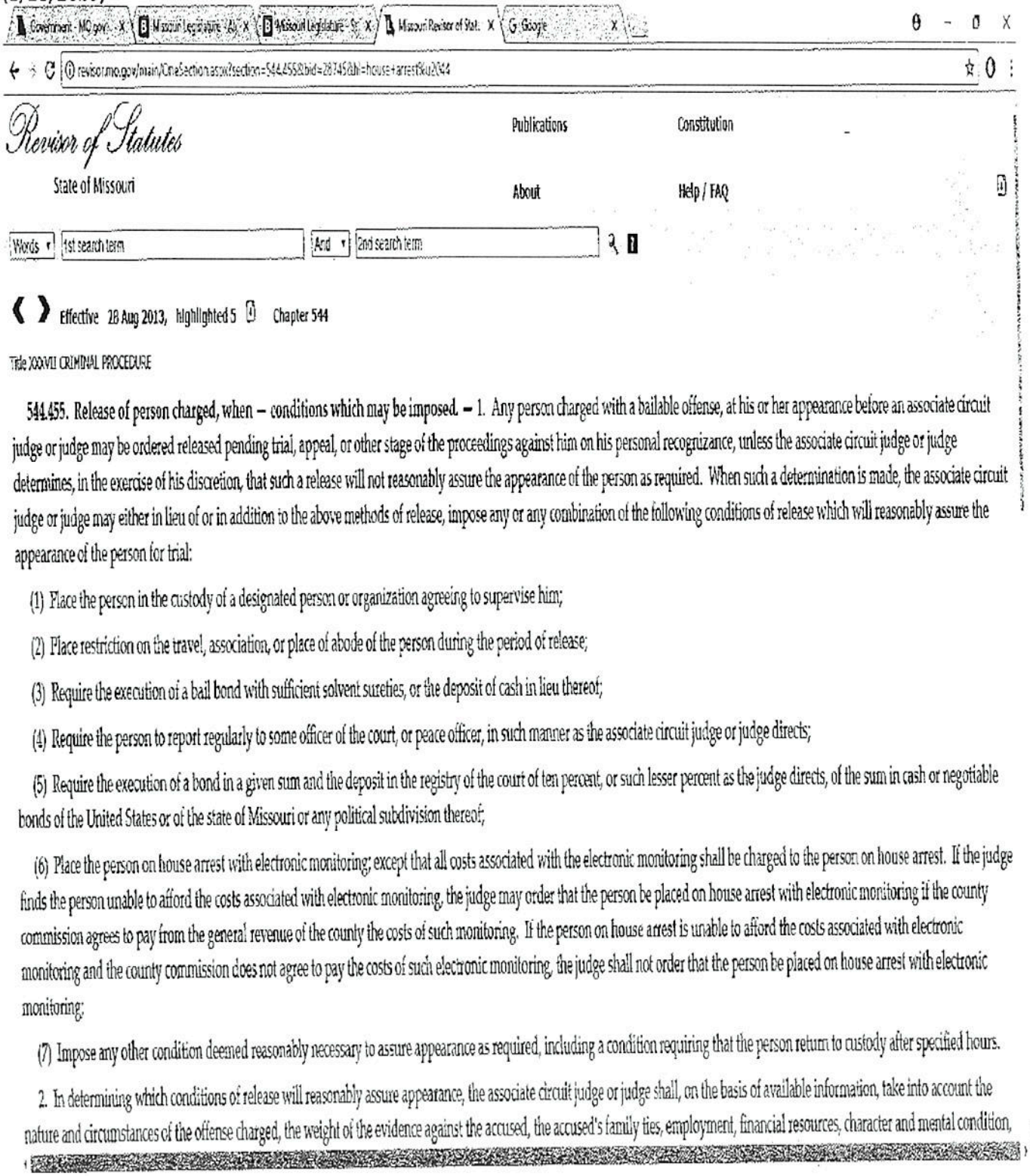
persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design. Section 10. That no person shall be deprived of life, liberty or property without due process of law. Section 14. That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay. Section 15. That the people shall be secure in their persons, papers, homes, effects, and electronic communications and data, from unreasonable searches and seizures; and no warrant to search any place, or seize any person or thing, or access electronic data or communication, shall issue without describing the place to be searched, or the person or thing to be seized, or the data or communication to be accessed, as nearly as may be; nor without probable cause, supported by written oath or affirmation. Section 19. That no person shall be compelled to testify against himself in a criminal cause, nor shall any person be put again in jeopardy of life or liberty for the same offense,...

It violates The United States Constitution Amendment IV The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

Amendment V No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces, or in the militia, when in actual service in time of war or public danger; **nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law;** nor shall private property be taken for public use, without just compensation. **Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.**

Amendment XIV Section 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws. Amendment I Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.

Missouri Statute 544.455 Release of person charged, when — conditions which may be imposed. (8/28/2013)



Revisor of Statutes

State of Missouri

Publications Constitution

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Words 1st search term And 2nd search term

Effective 28 Aug 2013, highlighted 5 Chapter 544

Title XXXVII CRIMINAL PROCEDURE

544.455. Release of person charged, when – conditions which may be imposed. – 1. Any person charged with a bailable offense, at his or her appearance before an associate circuit judge or judge may be ordered released pending trial, appeal, or other stage of the proceedings against him on his personal recognizance, unless the associate circuit judge or judge determines, in the exercise of his discretion, that such a release will not reasonably assure the appearance of the person as required. When such a determination is made, the associate circuit judge or judge may either in lieu of or in addition to the above methods of release, impose any or any combination of the following conditions of release which will reasonably assure the appearance of the person for trial:

(1) Place the person in the custody of a designated person or organization agreeing to supervise him;

(2) Place restriction on the travel, association, or place of abode of the person during the period of release;

(3) Require the execution of a bail bond with sufficient solvent sureties, or the deposit of cash in lieu thereof;

(4) Require the person to report regularly to some officer of the court, or peace officer, in such manner as the associate circuit judge or judge directs;

(5) Require the execution of a bond in a given sum and the deposit in the registry of the court of ten percent, or such lesser percent as the judge directs, of the sum in cash or negotiable bonds of the United States or of the state of Missouri or any political subdivision thereof;

(6) Place the person on house arrest with electronic monitoring; except that all costs associated with the electronic monitoring shall be charged to the person on house arrest. If the judge finds the person unable to afford the costs associated with electronic monitoring, the judge may order that the person be placed on house arrest with electronic monitoring if the county commission agrees to pay from the general revenue of the county the costs of such monitoring. If the person on house arrest is unable to afford the costs associated with electronic monitoring and the county commission does not agree to pay the costs of such electronic monitoring, the judge shall not order that the person be placed on house arrest with electronic monitoring;

(7) Impose any other condition deemed reasonably necessary to assure appearance as required, including a condition requiring that the person return to custody after specified hours.

2. In determining which conditions of release will reasonably assure appearance, the associate circuit judge or judge shall, on the basis of available information, take into account the nature and circumstances of the offense charged, the weight of the evidence against the accused, the accused's family ties, employment, financial resources, character and mental condition,

State of Missouri Website X | Missouri Revisor of Stat X
revisor.mo.gov/main/OneSection.aspx?section=544.455&bid=28745&hl=

(7) Impose any other condition deemed reasonably necessary to assure appearance as required, including a condition requiring that the person return to custody after specified hours.

2. In determining which conditions of release will reasonably assure appearance, the associate circuit judge or judge shall, on the basis of available information, take into account the nature and circumstances of the offense charged, the weight of the evidence against the accused, the accused's family ties, employment, financial resources, character and mental condition, the length of his residence in the community, his record of convictions, and his record of appearance at court proceedings or flight to avoid prosecution or failure to appear at court proceedings.

3. An associate circuit judge or judge authorizing the release of a person under this section shall issue an appropriate order containing a statement of the conditions imposed, if any, shall inform such person of the penalties applicable to violations of the conditions of his release and shall advise him that a warrant for his arrest will be issued immediately upon any such violation.

4. A person for whom conditions of release are imposed and who after twenty-four hours from the time of the release hearing continues to be detained as a result of his inability to meet the conditions of release, shall, upon application, be entitled to have the condition reviewed by the associate circuit judge or judge who imposed them. The motion shall be determined promptly.

5. An associate circuit judge or judge ordering the release of a person on any condition specified in this section may at any time amend his order to impose additional or different conditions of release; except that, if the imposition of such additional or different conditions results in the detention of the person as a result of his inability to meet such conditions or in the release of the person on a condition requiring him to return to custody after specified hours, the provisions of subsection 4 of this section shall apply.

6. Information stated in, or offered in connection with, any order entered pursuant to this section need not conform to the rules pertaining to the admissibility of evidence in a court of law.

7. Nothing contained in this section shall be construed to prevent the disposition of any case or class of cases by forfeiture of collateral security where such disposition is authorized by the court.

8. Persons charged with violations of municipal ordinances may be released by a municipal judge or other judge who hears and determines municipal ordinance violation cases of the municipality involved under the same conditions and in the same manner as provided in this section for release by an associate circuit judge.

9. A circuit court may adopt a local rule authorizing the pretrial release on electronic monitoring pursuant to subdivision (6) of subsection 1 of this section in lieu of incarceration of individuals charged with offenses specifically identified therein.

(L. 1972 H.B. 1160, A.L. 1978 H.B. 1634, A.L. 2011 H.B. 111, A.L. 2013 H.B. 215 merged with H.B. 374 & 434 merged with S.B. 327)

(1976) Provisions as to issuance of an appropriate order containing a statement of the conditions imposed and warning of consequences of failure to appear do not apply to persons released under the provisions of § 544.665. State v. Adams (A.), 532 S.W.2d 524.

< end of effective 28 Aug 2013 >

09/07/2017 15:52 14176782041 PAGE 09

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 6, 2017

RECEIVED
SEP 07 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 208 (2018-275)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on September 6, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
SEP 06 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

Signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County

FUTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OR PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORG.ERY.

I am at least 18 years of age. I do___ do not___(check one) expect to be paid for circulating this petition. If paid, list the payer_____

Signature of Affiant (person obtaining signatures) _____ Street address of Affiant_____

Printed name of Affiant_____ City, State, and zip code of Affiant_____

Subscribed and sworn to me this_____ day of _____A.D._____

Signature of Notary_____ Notary Public (Seal)

Address of Notary_____ My commission expires _/_/____

Be it enacted by the people of the state of Missouri:

To utilize the Federal Expanded Medicaid Program, Chapter 208.RSMo, is amended by adding thereto one new section, to be known as section 208.207, to read as follows:

208.207. 1. Beginning January 1, 2019, individuals age nineteen to sixty-four, who are not otherwise eligible for MO HealthNet services under this chapter, who qualify for MO HealthNet services under section 42 U.S.C. 1396a(a)(10()(A)(i)(VIII) and as set forth in 42 CFR 435.119, and who have income at or below one hundred thirty-three percent of the federal poverty level plus five percent of the applicable family size as determined under 42 U.S.C. 1396a(e)(14) and as set forth om 42 CFR 435.603, shall be eligible for medical assistance under Mo HealthNet and shall receive coverage for the health benefits service package.

2. For purposes of this section, "health benefits service package" shall mean, subject to federal approval, benefits covered by the MO HealthNet program as determined by the department of social services to meet the benchmark or benchmark-equivalent coverage requirement under 42 U.S.C. 1396a(k)(1).

3. The reimbursement rate to MO HealthNet providers for MO HealthNet services provided to individuals qualifying under the provisions of this section shall be comparable to commercial reimbursement payment levels with trend adjustment for comparable services. The rates shall be determined annually by the department of social services, and the department may develop such rates through a contracted actuary. The higher commercial comparable rates shall only apply for services provided to individuals qualifying under this section.

4. (1) The department of social services shall discontinue eligibility for persons who are eligible under subsection 1 of this section if:

(a) The federal medical assistance percentage established under 42 U.S.C. Section 1396d(y) or 1369d(z) is less than ninety percent as specified for 2020 each year thereafter or an amount determined by the MO HealthNet oversight committee to be necessary to maintain state budget solvency, whichever is lower; and

(b) The general assembly votes to discontinue eligibility for persons who are eligible under subsection 1 of this section. Prior to any vote under this paragraph, the MO HealthNet oversight committee and the department of social services shall provide the general assembly with information on the current and projected expenses incurred due to expanding eligibility to persons under subsection 1 of this section in relation to health-related savings and revenues and health outcomes of individuals and families receiving benefits under subsection 1 of this section.

(2) The department of social services shall inform persons eligible under subsection 1 of this section that their benefits may be reduced or eliminated if federal funding decreases of is eliminate.

5. The MO HealthNet oversite committee shall conduct research and investigate any potential health-related savings and revenues associated with expanding eligibility to persons under subsection 1 of this section. The committee shall investigate the federal matching rate below which the state could not maintain the expanded eligibility to persons under subsection 1 of this section. If the amount is determined to be greater than ninety percent, the committee shall report its findings to the general assembly for its consideration prior to any vote under paragraph (b) of subdivision (1) of subsection 4 of this section. In conducting its research and investigation, the committee shall also determine the feasibility of:

(1) Implementing capped cost sharing for persons eligible under subsection 1 of this section which may be reduced based on healthy behaviors of participants.

(2) Expanding Medicaid coverage for certain health care services that are currently financed by the state: and

(3) Enrolling persons under subsection 1 of this section in private health benefit plans.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-275)

Subject

Initiative petition from Gerald Peterson regarding a proposed amendment to Chapter 208 of the Revised Statutes of Missouri. (Received September 6, 2017)

Date

September 26, 2017

Description

This proposal would amend Chapter 208 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated they defer to the Department of Social Services to calculate the fiscal impact of the Missouri HealthNet expansion.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated they defer to the Department of Social Services for the fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Department of Social Services.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition will impact the budgets of the Department of Social Services, Department of Mental Health,

the Department of Corrections, and the Department of Health & Senior Services by proposing the expansion of Medicaid eligibility.

- Today, Missouri covers custodial parents below 19% of the federal poverty level (FPL), which for a family of four is currently $4,617 per year. In addition, non-custodial adults and childless adults without other qualifying criteria are not currently eligible for Medicaid in Missouri regardless of income.

- The Affordable Care Act allows states to expand health care coverage under the Medicaid program to non-elderly, non-Medicare, low-income adults up to 133% of the FPL. The same law includes a 5% disregard of income when determining eligibility for health care benefits; thus, adults with incomes up to 138% FPL will qualify. For a family of four in Missouri, this is currently income up to $33,534 per year.

The expansion of eligibility for Medicaid benefits under the proposed federal program could potentially include coverage for an estimated 250,000 additional Missourians. The costs for this expansion would be in excess of $2 billion per year. The expansion population state match would be at least 10%; however, that match is subject to change as federal law is amended. Depending on implementation requirements from CMS, there could be a potential of cost shift from state funds to federal funds.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office. Any expenses incurred by the 2 House members on the MO HealthNet Oversight Committee would be the responsibility of DOSS per Section 208.955.2, RSMo.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated they do not anticipate a fiscal impact to their medical plan.

Officials from the **Office of Administration** indicated the proposal would amend Chapter 208, RSMo to expand the MO HealthNet services. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and

regulations to implement the act. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. **The fiscal impact for this fiscal note to their office for Administrative Rules is less than $2,500. Their office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs**. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. **Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.**

Each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be $7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated because Kansas City bills for the transports made by its Fire Department's ambulance service this amendment might have a small positive fiscal impact on their city due to the increased number of people able to pay for such transports.

Officials from **Metropolitan Community College** indicated no fiscal impact.

Officials from **University of Central Missouri** indicated they are not a MO HealthNet provider or a hospital so no impact.

Officials from **Missouri State University** indicated no fiscal impact for their university.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this initiative petition will not have a fiscal impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia**, the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, University of Missouri, St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State government entities estimate additional costs in excess of $2 billion annually. Revenues from the federal government to offset these costs are estimated to be $1.8 billion annually, subject to changes in federal law. Local government entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 6, 2017

RECEIVED
SEP 07 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 147, version 2 (2018-274)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on September 6, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jay Ashcroft

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
SEP 06 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
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10.					

Signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County

FUTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OR PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORG.ERY.

I am at least 18 years of age. I do___ do not___(check one) expect to be paid for circulating this petition. If paid, list the payer_____

Signature of Affiant (person obtaining signatures) _____ Street address of Affiant_____

Printed name of Affiant_____ City, State, and zip code of Affiant_____

Subscribed and sworn to me this_____ day of _____A.D._____

Signature of Notary_____ Notary Public (Seal)

Address of Notary_____ My commission expires _/_/____

Be it enacted by the people e of the state of Missouri

The annual franchise tax of Chapter 147.RSMo will be amended to be re-instated as follows with the revenue to be distributed to the Missouri Road Fund, to the higher education fund and to school districts with a 12% or more poverty level as directed by this amendment:

147.010 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state exceed two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter 351 or not, shall be subject to this section. Any corporation whose outstanding shares and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state that fact on the annual report form prescribed by the secretary of state. For all taxable years beginning on or after January 1, 2000, but ending before December 31, 2009, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do not exceed one million dollars shall state that fact on the annual report form prescribed by the director of revenue. For taxable years beginning on or after January 1, 2010, but before December 31, 2011, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars. For all taxable years beginning on or after January 1, 2010, but before December 31, 2015, any corporation whose outstanding shares and surplus do not exceed ten million dollars shall state that fact on the annual report form prescribed by the director of revenue. For all taxable years beginning on or after January 1, 2011, but before December 31, 2015, a corporation's annual tax liability under this chapter shall not exceed the amount of annual franchise tax liability of such corporation for the taxable year ending on or before December 31, 2010. If the corporation had no annual franchise tax liability under this chapter for the taxable year ending on or before December 31, 2010, because such corporation was not in existence or doing business in Missouri, the annual franchise tax for the first taxable year in which such corporation exists shall be determined by applying the applicable rate of tax provided under the provisions of this subsection to the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars, but in no case shall such corporation's tax liability for any subsequent taxable year exceed the amount of annual franchise tax liability of such corporation for the first full taxable year such corporation was in existence or doing business in Missouri. For taxable years beginning on or after January 1, 2012, the annual franchise tax shall be equal to the percentage rate prescribed in this subsection for the corresponding taxable year of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed the corresponding minimum threshold amount prescribed as follows:

(1) For tax year 2012, the rate shall be one-thirty-seventh of one percent and the threshold amount shall be ten million dollars;

(2) For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold amount shall be ten million dollars;

(3) For tax year 2014, the rate shall be one-seventy-fifth of one percent and the threshold amount shall be ten million dollars;

(4) For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the threshold amount shall be ten million dollars;

(5) For tax years beginning on or after January 1, 2016, no annual franchise tax shall be imposed under this section until the tax year of 2019.

(6) For the tax year 2019, the rate shall be two percent and the threshold amount shall be ten million dollars and shall remain at that rate unless changed through a ballot of the citizens of the state of Missouri. The first quarterly estimated payments will be due on April 15th of 2019.

(7) Half of the revenue of the annual franchise tax will go into the Missouri State Road Fund.

(8) Three quarters of the remaining revenue of the annual franchise tax will be to provide funds for the school districts with a 12% or more poverty level of the Missouri public-school system including pre-kindergarten, elementary and secondary education. The revenue generated from the franchise tax for this section will go to a dedicated fund that will be distributed to these schools with a 12% or more poverty level. The Missouri budget for elementary and secondary education will not be replaced by this bill. The elementary and secondary education budgets will remain as specified in Chapter 163. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget.

(9) One quarter of the remaining revenue of the annual franchise tax will be to provide revenue for the Department of Higher Education Budget. The Missouri budget for the Department of Higher Education will not be replaced by this bill. The Department of Higher Education Budget by the state will remain at least equal to a percent of the total budget from general revenue in future years as during the year 2015. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget. The initial revenue of $48 million from the annual franchise tax will go to help finance construction of a downtown arts campus for the University of Missouri in Kansas City. The revenue generated after this date will be allotted to the budget of the Department of Higher Education to spend as needed with an emphasis on increasing full time and tenured professors.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 6, 2017

RECEIVED
SEP 07 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 147, version 1 (2018-273)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on September 6, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
SEP 06 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

Signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County

FUTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OR PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORG.ERY.

I am at least 18 years of age. I do___ do not___(check one) expect to be paid for circulating this petition. If paid, list the payer_____

Signature of Affiant (person obtaining signatures) _____ Street address of Affiant_____

Printed name of Affiant_____ City, State, and zip code of Affiant_____

Subscribed and sworn to me this_____ day of _____A.D._____

Signature of Notary_____ Notary Public (Seal)

Address of Notary_____ My commission expires _/_/____

Be it enacted by the people e of the state of Missouri

The annual franchise tax of Chapter 147.RSMo will be amended to be re-instated as follows with the revenue to be distributed to the Missouri Road Fund, to the higher education fund and to school districts with a 12% or more poverty level as directed by this amendment:

147.010 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state exceed two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter 351 or not, shall be subject to this section. Any corporation whose outstanding shares and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state that fact on the annual report form prescribed by the secretary of state. For all taxable years beginning on or after January 1, 2000, but ending before December 31, 2009, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do not exceed one million dollars shall state that fact on the annual report form prescribed by the director of revenue. For taxable years beginning on or after January 1, 2010, but before December 31, 2011, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars. For all taxable years beginning on or after January 1, 2010, but before December 31, 2015, any corporation whose outstanding shares and surplus do not exceed ten million dollars shall state that fact on the annual report form prescribed by the director of revenue. For all taxable years beginning on or after January 1, 2011, but before December 31, 2015, a corporation's annual tax liability under this chapter shall not exceed the amount of annual franchise tax liability of such corporation for the taxable year ending on or before December 31, 2010. If the corporation had no annual franchise tax liability under this chapter for the taxable year ending on or before December 31, 2010, because such corporation was not in existence or doing business in Missouri, the annual franchise tax for the first taxable year in which such corporation exists shall be determined by applying the applicable rate of tax provided under the provisions of this subsection to the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars, but in no case shall such corporation's tax liability for any subsequent taxable year exceed the amount of annual franchise tax liability of such corporation for the first full taxable year such corporation was in existence or doing business in Missouri. For taxable years beginning on or after January 1, 2012, the annual franchise tax shall be equal to the percentage rate prescribed in this subsection for the corresponding taxable year of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed the corresponding minimum threshold amount prescribed as follows:

(1) For tax year 2012, the rate shall be one-thirty-seventh of one percent and the threshold amount shall be ten million dollars;

(2) For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold amount shall be ten million dollars;

(3) For tax year 2014, the rate shall be one-seventy-fifth of one percent and the threshold amount shall be ten million dollars;

(4) For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the threshold amount shall be ten million dollars;

(5) For tax years beginning on or after January 1, 2016, no annual franchise tax shall be imposed under this section.

(6) For the tax year 2019, the rate shall be two percent and the threshold amount shall be ten million dollars and shall remain at that rate unless changed through a ballot of the citizens of the state of Missouri. The first quarterly estimated payments will be due on April 15th of 2019.

(7) Half of the revenue of the annual franchise tax will go into the Missouri State Road Fund.

(8) Three quarters of the remaining revenue of the annual franchise tax will be to provide funds for the school districts with a 12% or more poverty level of the Missouri public-school system including pre-kindergarten, elementary and secondary education. The revenue generated from the franchise tax for this section will go to a dedicated fund that will be distributed to these schools with a 12% or more poverty level. The Missouri budget for elementary and secondary education will not be replaced by this bill. The elementary and secondary education budgets will remain as specified in Chapter 163. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget.

(9) One quarter of the remaining revenue of the annual franchise tax will be to provide revenue for the Department of Higher Education Budget. The Missouri budget for the Department of Higher Education will not be replaced by this bill. The Department of Higher Education Budget by the state will remain at least equal to a percent of the total budget from general revenue in future years as during the year 2015. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget. The initial revenue of $48 million from the annual franchise tax will go to help finance construction of a downtown arts campus for the University of Missouri in Kansas City. The revenue generated after this date will be allotted to the budget of the Department of Higher Education to spend as needed with an emphasis on increasing full time and tenured professors.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 5, 2017

RECEIVED
SEP 05 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Brian Hagg regarding a proposed statutory amendment to Chapters 558 and 560 (2018-272)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Brian Hagg on September 1, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

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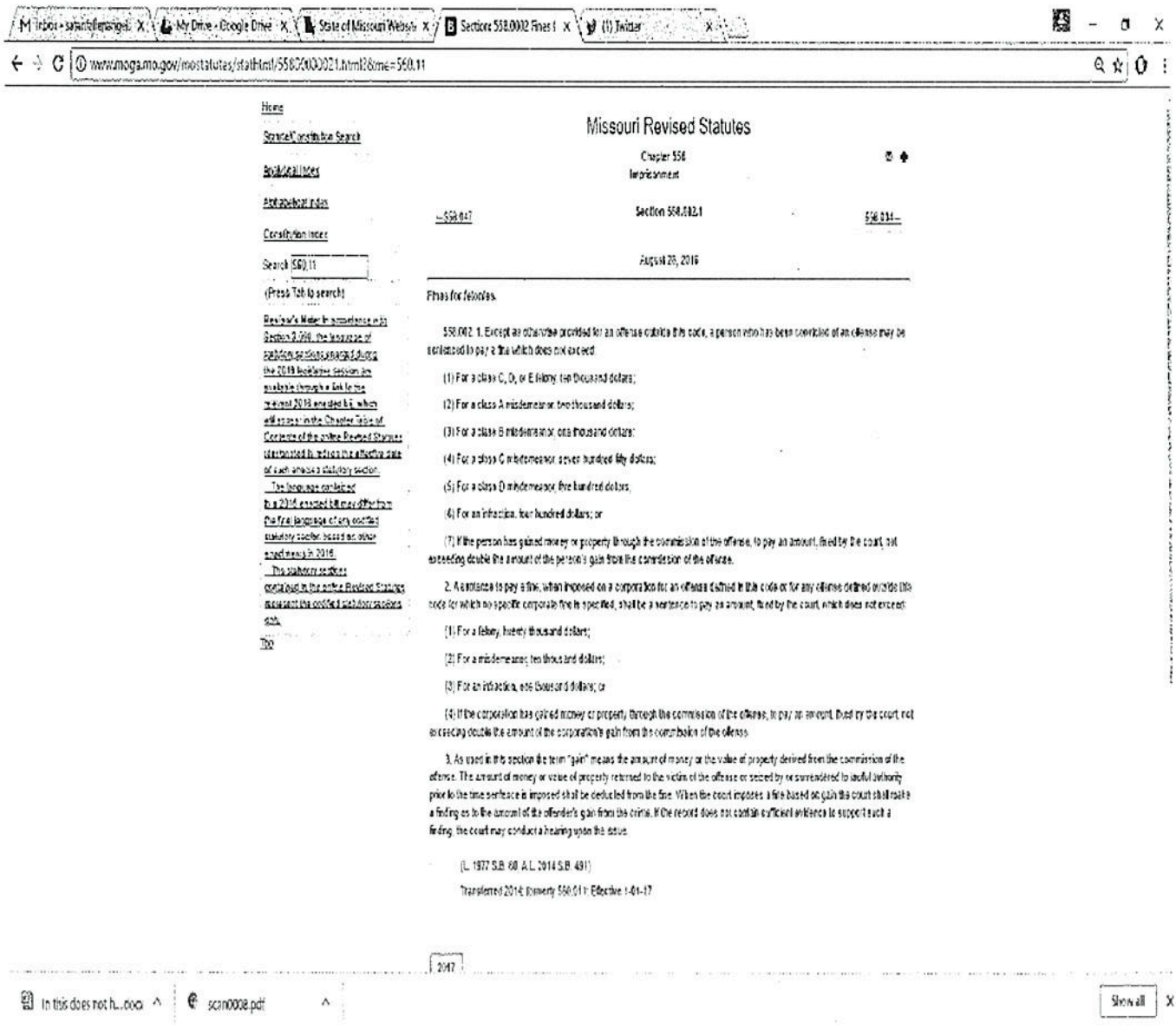
SEP 01 2017
MO. SECRETARY OF STATE

New statute 558.002.1 continued has 2 different fine amounts for same offence, for persons convicted of C or D felony is either $5000 or at the top of first page beginning of statute states $10,000. Also the fine amount for corporation for a misdemeanor is just 10,000, but that is for every type the old statute had different fine amounts for different misdemeanor of A,B,C. this is unconstitutional no equal protection of the law which is a violation of the XIV of united states constitution.

The updated 560.011 is not the only Missouri statute that this558.002 replaced as it replaced 560.011,560.016 and 560.021. 560.016 and 560.021 on http://revisor.mo.gov/main/OneChapter.aspx?chapter=560 states that they are (Repealed L. 2014 S.B. 491) (1/1/2017). The www.moga.mo.gov not working since July of 2017.



Missouri Revised Statutes

Chapter 558
Imprisonment

558.047 Section 558.002.1 558.034

August 28, 2016

Fines for felonies.

558.002. 1. Except as otherwise provided for an offense outside this code, a person who has been convicted of an offense may be sentenced to pay a fine which does not exceed:

(1) For a class C, D, or E felony, ten thousand dollars;

(2) For a class A misdemeanor, two thousand dollars;

(3) For a class B misdemeanor, one thousand dollars;

(4) For a class C misdemeanor, seven hundred fifty dollars;

(5) For a class D misdemeanor, five hundred dollars;

(6) For an infraction, four hundred dollars; or

(7) If the person has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the person's gain from the commission of the offense.

2. A sentence to pay a fine, when imposed on a corporation for an offense defined in this code or for any offense defined outside this code for which no specific corporate fine is specified, shall be a sentence to pay an amount, fixed by the court, which does not exceed:

(1) For a felony, twenty thousand dollars;

(2) For a misdemeanor, ten thousand dollars;

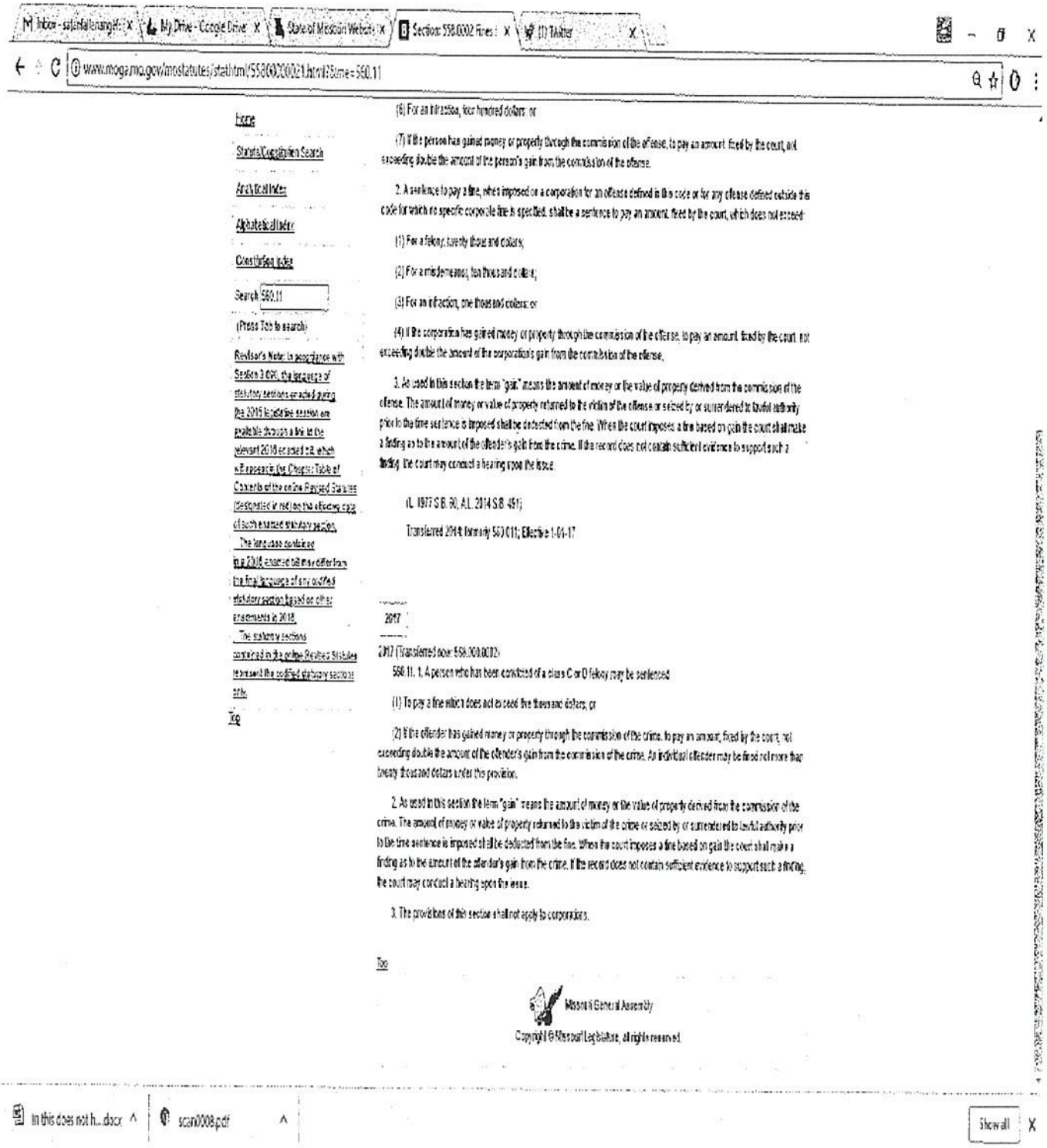
(3) For an infraction, one thousand dollars; or

(4) If the corporation has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the corporation's gain from the commission of the offense.

3. As used in this section the term "gain" means the amount of money or the value of property derived from the commission of the offense. The amount of money or value of property returned to the victim of the offense or seized by or surrendered to lawful authority prior to the time a fine is imposed shall be deducted from the fine. When the court imposes a fine based on gain the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

(L. 1977 S.B. 60 A.L. 2014 S.B. 491)

Transferred 2014; (formerly 560.011); Effective 1-01-17



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www.moga.mo.gov/mostatutes/stathtml/55800020021.html?bsme=560.11

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Revisor's Note: In accordance with Section 3.090, the language of statutory sections enacted during the 2015 legislative session are available through a link to the relevant 2016 enacted bill, which will appear in the Changes Table of Contents of the online Revised Statutes (designated with red text in the effective date of each enacted statutory section).

The language contained in a 2016 enacted bill may differ from the final language of any codified statutory section based on other enactments in 2016.

The statutory sections contained in the online Revised Statutes represent the codified statutory sections only.

Top

(6) For an infraction, four hundred dollars; or

(7) If the person has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the person's gain from the commission of the offense.

2. A sentence to pay a fine, when imposed on a corporation for an offense defined in this code or for any offense defined outside this code for which no specific corporate fine is specified, shall be a sentence to pay an amount, fixed by the court, which does not exceed:

(1) For a felony, twenty thousand dollars;

(2) For a misdemeanor, ten thousand dollars;

(3) For an infraction, one thousand dollars; or

(4) If the corporation has gained money or property through the commission of the offense, to pay an amount, fixed by the court, not exceeding double the amount of the corporation's gain from the commission of the offense.

3. As used in this section the term "gain" means the amount of money or the value of property derived from the commission of the offense. The amount of money or value of property returned to the victim of the offense or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

(L. 1977 S.B. 60, A.L. 2014 S.B. 491)

Transferred 2014; formerly 560.011; Effective 1-01-17

2017

2017 (Translated from 558.002.002)

560.11. 1. A person who has been convicted of a class C or D felony may be sentenced

(1) To pay a fine which does not exceed five thousand dollars; or

(2) If the offender has gained money or property through the commission of the crime, to pay an amount, fixed by the court, not exceeding double the amount of the offender's gain from the commission of the crime. An individual offender may be fined not more than twenty thousand dollars under this provision.

2. As used in this section the term "gain" means the amount of money or the value of property derived from the commission of the crime. The amount of money or value of property returned to the victim of the crime or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

3. The provisions of this section shall not apply to corporations.

Top

Missouri General Assembly

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FINES

Sec.
560.011. Fines for felonies.
560.016. Fines for misdemeanors and infractions.
560.021. Fines for corporations.
560.026. Imposition of fines.
560.031. Revocation of probation.
560.036. Revocation of fine.

Cross References

Information Systems, management of fines, RSMo 650.055

560.011. Fines for felonies. — 1. A person who has been convicted of a class C or D felony may be sentenced

(1) To pay a fine which does not exceed five thousand dollars; or

(2) If the offender has gained money or property through the commission of the crime, to pay an amount, fixed by the court, not exceeding double the amount of the offender's gain from the commission of the crime. An individual offender may be fined not more than twenty thousand dollars under this provision.

2. As used in this section the term "gain" means the amount of money or the value of property derived from the commission of the crime. The amount of money or value of property returned to the victim of the crime or seized by or surrendered to lawful authority prior to the time sentence is imposed shall be deducted from the fine. When the court imposes a fine based on gain the court shall make a finding as to the amount of the offender's gain from the crime. If the record does not contain sufficient evidence to support such a finding, the court may conduct a hearing upon the issue.

3. The provisions of this section shall not apply to corporations.

(L. 1977 S.B. 60)

Effective 1-1-79

560.016. Fines for misdemeanors and infractions. — 1. Except as otherwise provided for an offense outside this code, a person who has been convicted of a misdemeanor or infraction may be sentenced to pay a fine which does not exceed

(1) For a class A misdemeanor, one thousand dollars;

(2) For a class B misdemeanor, five hundred dollars;

(3) For a class C misdemeanor, three hundred dollars;

(4) For an infraction, two hundred dollars.

2. In lieu of a fine imposed under subsection 1, a person who has been convicted of a misdemeanor or infraction through which he derived "gain" as defined in section 560.011, may be sentenced to a fine which does not exceed double the amount of gain from the commission of the offense. An individual offender may be fined not more than twenty thousand dollars under this provision.

(L. 1977 S.B. 60)

Effective 1-1-79

560.021. Fines for corporations. — 1. A sentence to pay a fine, when imposed on a corporation for an offense defined in this code or for an offense defined outside this code for which a special corporate fine is specified, shall be a sentence to pay an amount, fixed by the court, not exceeding

(1) Ten thousand dollars, when the conviction is of a felony;

(2) Five thousand dollars, when the conviction is of a class A misdemeanor;

(3) Two thousand dollars, when the conviction is of a class B misdemeanor;

(4) One thousand dollars, when the conviction is of a class C misdemeanor;

(5) Five hundred dollars, when the conviction is of an infraction;

(6) Any higher amount not exceeding double the amount of the corporation's gain from the commission of the offense, as determined under section 560.011.

2. In the case of an offense defined outside this code, if a special fine for a corporation is expressly specified in the statute that defines the offense, the fine fixed by the court shall be

(1) An amount within the limits specified in the statute that defines the offense; or

(2) Any higher amount not exceeding double the amount of the corporation's gain from the commission of the offense, as determined under section 560.011.

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JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

September 1, 2017

RECEIVED
SEP 0 1 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Lowell Pearson regarding a proposed statutory amendment to Chapters 192, 195, 263 & 311 (2018-271)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Lowell Pearson on September 1, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, not withstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
SEP 01 2017
MO. SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____.

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street)	(City, Town, or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.						
2.						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20_____

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the People of the state of Missouri:

Section A. Sections 192.005, 263.250, 311.610, 311.620, 311.630 and 311.660 RSMo, are amended and thirty-three new sections are enacted to be known as sections 195.018, 195.900, 195.903, 195.906, 195.909, 195.912, 195.915, 195.918, 195.921, 195.924, 195.927, 195.930, 195.933, 195.936, 195.939, 195.942, 195.945, 195.948,195.951, 195.954, 195.957, 195.960, 195.961, 195.963, 195.966, 195.969, 195.972, 195.975, 195.978, 195.981, 195.982, 195.984 and 195.985 to read as follows:

192.005. There is hereby created and established as a department of state government the "Department of Health and Senior Services". The department of health and senior services shall supervise and manage all public health functions and programs. The department shall be governed by the provisions of the Omnibus State Reorganization Act of 1974, Appendix B, RSMo, unless otherwise provided in sections 192.005 to 192.014. The division of health of the department of social services, chapter 191, this chapter, and others, including, but not limited to, such agencies and functions as the state health planning and development agency, the crippled children's service*, chapter 201, the bureau and the program for the prevention of developmental disability, the hospital subsidy program, chapter 189, the state board of health, section 191.400, the student loan program, sections 191.500 to 191.550, the family practice residency program, the licensure and certification of hospitals, chapter 197, the Missouri chest hospital, sections 199.010 to 199.070**, are hereby transferred to the department of health and senior services by a type I transfer, and the state cancer center and cancer commission, chapter 200, is hereby transferred to the department of health and senior services by a type III transfer as such transfers are defined in section 1 of the Omnibus State Reorganization Act of 1974, Appendix B, RSMo Supp. 1984. The provisions of section 1 of the Omnibus State Reorganization Act of 1974, Appendix B, RSMo Supp. 1984, relating to the manner and procedures for transfers of state agencies shall apply to the transfers provided in this section. The division of health of the department of social services is abolished. The department of health and senior services shall have the duties and powers set forth in sections 195.900 to 195.985.

195.018. The provisions of section 195.017 shall not apply to any product used as authorized by sections 195.900 to 195.985.

195.900. 1. Sections 195.900 to 195.985 shall be known and may be cited as the "Missouri Patient Care Act".

2. (1) Sections 195.900 to 195.985 shall be deemed an exercise of the police powers of the state for the protection of the economic and social welfare and the health, peace, and morals of the people of this state.

(2) It shall be unlawful under state law to cultivate, manufacture, distribute, test, possess, or sell medical cannabis, except in compliance with the terms, conditions, limitations, and restrictions in sections 195.900 to 195.985.

(3) This section is intended to permit state-licensed physicians to certify that a patient has a qualifying medical condition and that the physician is treating or managing treatment of the

patient's qualifying medical condition in the course of a bona fide physician-patient relationship, after the physician has completed an assessment of the qualifying patient's medical history, reviewed relevant records related to the patient's qualifying medical condition, and conducted a physical examination.

(4) This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale, possession, and purchase of cannabis for medical use. This section is not intended to change current civil and criminal laws governing the use of cannabis for nonmedical purposes. The section does not allow for the public use of cannabis and driving under the influence of cannabis.

3. As used in sections 195.900 to 195.985, the following terms shall mean:

(1) "Adequate supply", 2.5 ounces of cannabis flower or its equivalent in cannabis concentrate or cannabis product during a period of fourteen days and that is derived solely from a licensed intrastate source. Subject to the rules of the department of health and senior services, a patient may apply for a waiver to possess more than 2.5 ounces for a fourteen-day period if a physician provides a substantial medical basis in a signed written statement asserting that, based on the patient's medical history and in the physician's professional judgment, 2.5 ounces is an insufficient adequate supply for a fourteen-day period to properly alleviate the patient's qualifying medical condition or symptoms associated with the qualifying medical condition. A qualifying patient may possess no more than a sixty-day supply of cannabis flower or its equivalent in cannabis concentrate or cannabis product.

(2) "Administer", the direct application of cannabis to a qualifying patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other cannabis-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming cannabis-infused food products; or

(f) Any other method recommended by a qualifying patient's physician.

(3) "Cannabis", all parts of the plant genus Cannabis in any species or form thereof, including, but not limited to, Cannabis Sativa L., Cannabis Indica, Cannabis Americana, Cannabis Ruderalis, and Cannabis Gigantea, whether growing or not, the seeds thereof, the resin extracted from any part of the plant; and every compound, manufacture, derivative, mixture, or preparation of the plant, its seeds or resin. It does not include the mature stalks of the plant; fiber produced from the stalks; oil or cake made from the seeds of the plant; any other compound,

manufacture, salt, derivative, mixture, or preparation of the mature stalks except the resin extracted therefrom; fiber, oil, or cake; or the sterilized seed of the plant which is incapable of germination.

(4) "Cannabis plant monitoring system", an electronic seed-to-sale tracking system that includes, but is not limited to, testing and data collection established and maintained by the licensed medical cannabis cultivation and production facility and the medical cannabis center and available to the division for the purposes of documenting each cannabis plant and for monitoring plant development throughout the life cycle of a cannabis plant cultivated for the intended use by a qualifying patient from seed planting, cloning, or other method of propagation, to final packaging and sale to a qualifying patient.

(5) "Cannabis products", concentrated cannabis, cannabis extracts, and products that are infused with cannabis or an extract thereof and are intended for use or consumption. The term includes, without limitation, edible cannabis products, beverages, topical products, ointments, oils, and tinctures.

(6) "Caregiver", a natural person, other than the qualifying patient or the qualifying patient's physician, who is twenty-one years of age or older and has significant responsibility for managing the well-being of a qualifying patient and who is designated as such on the caregiver's application for an identification card under this section.

(7) "Department", the department of health and senior services.

(8) "Division", the division of alcohol and tobacco control within the department of public safety.

(9) "Entity", a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other entity.

(10) "Good cause", for purposes of refusing or denying a license renewal, reinstatement, or initial license issuance:

(a) The license applicant has violated, does not meet, or has failed to comply with any of the terms, conditions, or provisions of sections 195.900 to 195.985, any rules promulgated thereunder, or any supplemental local law, rules, or regulations;

(b) The licensee or applicant has failed to comply with any special terms or conditions that were placed on its license under an order of the state or local licensing authority; or

(c) The licensed premises have been operated in a manner that adversely affects the public health or welfare or the safety of the immediate neighborhood in which the establishment is located.

(11) "License", a license or registration under sections 195.900 to 195.985.

(12) "Licensed premises", the premises specified in an application for a license under sections 195.900 to 195.985, which are owned or in possession of the licensee and within which the licensee is authorized to cultivate, manufacture, distribute, test, possess, or sell medical cannabis in accordance with the provisions of sections 195.900 to 195.985.

(13) "Licensee", a person licensed or registered under sections 195.900 to 195.985.

(14) "Limited access area", a building, room, or other contiguous area upon the licensed premises where medical cannabis is grown, cultivated, stored, weighed, displayed, packaged, sold, or possessed for sale, under control of the licensee, with limited access to only those persons licensed by the division, and visitors and vendors as provided by rule. All areas of ingress or egress to limited access areas shall be clearly identified as such by a sign as designated by the division.

(15) "Local licensing authority", an authority designated by municipal or county charter or ordinance.

(16) "Medical cannabis", cannabis that is grown and sold under sections 195.900 to 195.985 for a purpose authorized under sections 195.900 to 195.985.

(17) "Medical cannabis center", a person licensed under sections 195.900 to 195.985 to operate a business as described in sections 195.900 to 195.985 that acquires, possesses, stores, delivers, transfer, transports, sells, supplies or dispenses cannabis, cannabis products, medical cannabis, paraphernalia or related supplies to registered qualifying patients or caregivers, or other licensed medical cannabis centers.

(18) "Medical cannabis cultivation and production facility", a person licensed under sections 195.900 to 195.985 to operate a business as described in section 195.954.

(19) "Medical cannabis-infused product", a product infused with medical cannabis that is intended for use or consumption other than by smoking, including, but not limited to edible cannabis products, beverages, topical products, ointments, oils, and tinctures or smokeless vaporizing devices. Such products, when manufactured or sold by a licensed medical cannabis center, shall not be considered a drug for the purposes of chapter 196.

(20) "Medical cannabis testing facility", an independent entity licensed, approved, and certified by the division pursuant to this act to analyze the safety and potency of cannabis and as otherwise provided under sections 195.900 to 195.985.

(21) "Medical use", the production, possession, distribution, transportation, or administration of cannabis or a cannabis-infused product, for the benefit of a qualifying patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(22) "Person", a natural person, partnership, association, company, corporation, limited liability company, or organization, or a manager, agent, owner, director, servant, officer, or employee thereof.

(23) "Premises", a distinct and definite location, which may include a building, a part of a building, a room, or any other definite contiguous area.

(24) "Qualifying medical condition", the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including, but not limited to, those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, post-traumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of cannabis could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis (ALS), inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(25) "Qualifying patient", a Missouri resident diagnosed with at least one qualifying medical condition.

(26) "Smokeless vaporizing device", a medical-grade vaporizer delivery device capable of administering the active ingredients of a metered dose of medical cannabis via inhalation without combustion by-products.

(27) "State licensing authority", the division of alcohol and tobacco control which is responsible for regulating and controlling the licensing of the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis in this state.

(28) "Written certification", a document dated and signed by a physician, stating:

(a) That the qualifying patient has a qualifying medical condition and specifying the qualifying medical condition the qualifying patient has; and

(b) That the physician is treating or managing treatment of the patient's qualifying medical condition.

195.903. 1. For the purpose of regulating and controlling the licensing of the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis in this state, the division of alcohol and tobacco control is hereby designated as the state licensing authority.

2. The state supervisor of the division may employ such officers and employees as may be determined to be necessary, with such officers and employees being part of the division. No moneys shall be appropriated to the division from the general revenue fund for the operation of sections 195.900 to 195.985, nor shall the division expend any general revenue fund moneys for the operation of sections 195.900 to 195.985. Notwithstanding any other provision of law, the division, the Commissioner of Administration, and the State Treasurer are authorized to receive and disburse funds from any source, public or private, as may assist the prompt implementation of this Act.

195.906. 1. The division shall:

(1) Grant or refuse state licenses for the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis as provided by law; suspend, fine, restrict, or revoke such licenses upon a violation of sections 195.900 to 195.985, or a rule promulgated under sections 195.900 to 195.985; and impose any penalty authorized by sections 195.900 to 195.985, or any rule promulgated under sections 195.900 to 195.985. The division may take any action with respect to a registration under sections 195.900 to 195.985 as it may with respect to a license under sections 195.900 to 195.985, in accordance with the procedures established under sections 195.900 to 195.985;

(2) Establish, revise, and amend rules and regulations as necessary to carry into effect the provisions of sections 195.900 to 195.985;

(3) Upon denial of a state license, provide written notice of the grounds for such denial of a state license to the applicant and to the local authority and the right of the applicant to a hearing before the administrative hearing commission under subsection 2 of section 195.924;

(4) Maintain the confidentiality of patient records, reports obtained from licensees showing the sales volume or quantity of medical cannabis sold, or any other records that are exempt from inspection under state law;

(5) Develop such forms, licenses, identification cards, and applications as are necessary in the discretion of the division for the administration of sections 195.900 to 195.985 or any of the rules promulgated under sections 195.900 to 195.985; and

(6) Prepare and submit an annual report accounting to the governor for the efficient discharge of all responsibilities assigned by law or directive to the state licensing authority.

2. (1) Rules promulgated under subdivision (2) of subsection 1 of this section shall include, but not be limited to, the following:

(a) Compliance with, enforcement, or violation of any provision of sections 195.900 to 195.985, or any rule issued under sections 195.900 to 195.985, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license issued under sections 195.900 to 195.985;

(b) Specifications of duties of officers and employees of the division;

(c) Instructions for local licensing authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the division;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed under sections 195.900 to 195.985, including a fingerprint-based criminal record check as may be required by the division prior to issuing a card;

(i) Identification of state licensees and their owners, officers, managers, and employees;

(j) Security requirements for any premises licensed under sections 195.900 to 195.985, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the division to properly administer and enforce the provisions of sections 195.900 to 195.985, including reporting requirements for changes, alterations, or modifications to the premises;

(k) Regulation of the storage of, warehouses for, and transportation of medical cannabis;

(l) Sanitary requirements for medical cannabis centers and medical cannabis cultivation and production facilities, including, but not limited to, sanitary requirements for the preparation of medical cannabis-infused products;

(m) The specification of acceptable forms of picture identification that a medical cannabis center may accept when verifying a sale;

(n) Labeling standards, including, but not limited to, the serving size of active THC per serving and total servings per package;

(o) Testing standards;

(p) Records to be kept by licensees and the required availability of the records;

(q) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(r) The reporting and transmittal of monthly sales tax payments by medical cannabis centers;

(s) Authorization for the department of revenue to have access to licensing information to ensure sales and income tax payment and effective administration of sections 195.900 to 195.985;

(t) Authorization for the division to impose administrative penalties and procedures of issuing, appealing, and creating a violation list and schedule of administrative penalties; and

(u) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of sections 195.900 to 195.985.

(2) The prompt implementation of this Missouri Patient Care Act is necessary to avoid immediate danger to the public health, safety and welfare. The division is authorized to use the emergency rulemaking procedures set out in section 536.025, and shall promulgate emergency rules by March 6, 2019, and also to file a notice of rulemaking as provided in section 536.025 by March 6, 2019.

(3) Nothing in sections 195.900 to 195.985 shall be construed as delegating to the division the power to fix prices for medical cannabis.

195.909. 1. A local licensing authority may issue only the following medical cannabis licenses upon payment of the fee and compliance with all local licensing requirements to be determined by the local licensing authority:

(1) A medical cannabis center license; and

(2) A medical cannabis cultivation and production facility license.

2. (1) A local licensing authority shall not issue a local license within a municipality or the unincorporated portion of a county unless the governing body of the municipality has adopted an ordinance or the governing body of the county has adopted a resolution containing specific standards for license issuance, or if no such ordinance or resolution is adopted prior to June 1, 2019, a local licensing authority shall consider the minimum licensing requirements of this section when issuing a license.

(2) In addition to all other standards applicable to the issuance of licenses under sections 195.900 to 195.985, the local governing body may adopt additional standards for the issuance of medical cannabis center or medical cannabis cultivation and production facility licenses consistent with the intent of sections 195.900 to 195.985 that may include, but not be limited to:

(a) Distance restrictions between premises for which local licenses are issued; and

(b) Any other requirements necessary to ensure the control of the premises and the ease of enforcement of the terms and conditions of the license.

3. Local governments may limit the use of land for operation of medical cannabis centers and medical cannabis cultivation and production facilities to specified areas as to time, place, and manner of such facilities. Local zoning approval shall be made by the governing body of the municipality if the premises are located in the municipality, or by the governing body of the county if the premises are located in the unincorporated portion of the county. The operation of sections 195.900 to 195.985 shall be statewide unless a municipality, county, or city, by a two-thirds majority of the registered voters voting at a regular election or special election called in accordance with state law, vote to prohibit the operation of medical cannabis centers and medical cannabis cultivation and production facilities in the municipality, county, or city.

4. An application for a license specified in subsection 1 of this section shall be filed with the appropriate local licensing authority on forms provided by the state licensing authority and shall contain such information as the state licensing authority may require and any forms as the local licensing authority may require. Each application shall be verified by the oath or affirmation of the persons prescribed by the state licensing authority.

5. An applicant shall file with the application for a local license, plans and specifications for the interior of the building if the building to be occupied is in existence at the time. If the building is not in existence, the applicant shall file a plot plan and a detailed sketch for the interior and submit an architect's drawing of the building to be constructed. In its discretion, the local or state licensing authority may impose additional requirements necessary for the approval of the application.

195.912. 1. Upon receipt of an application for a local license, except an application for renewal or for transfer of ownership, a local licensing authority shall schedule and hold a public hearing upon the application to be held not less than thirty days after the date of the application, but not more than ninety days from the date of the application. If the local licensing authority fails to hold a public hearing within such time lines, the application shall be considered

approved. If the local licensing authority schedules a hearing for a medical cannabis center application and/or a medical cannabis cultivation and production facility application, it shall post and publish public notice thereof not less than ten days prior to the hearing. The local licensing authority shall give public notice by the posting of a sign in a conspicuous place on the medical cannabis center premises and/or the medical cannabis cultivation and production facility premises for which application has been made and by publication in a newspaper of general circulation in the county in which the medical cannabis center premises and/or the medical cannabis cultivation and production premises are located.

2. Public notice given by posting shall include a sign of suitable material, not less than twenty-two inches wide and twenty-six inches high, composed of letters not less than one inch in height and stating the type of license applied for, the date of the hearing, the name and address of the applicant, and such other information as may be required to fully apprise the public of the nature of the application. The sign shall contain the names and addresses of the officers, directors, or manager of the facility to be licensed.

3. Public notice given by publication shall contain the same information as that required for signs.

4. If the building in which medical cannabis is to be cultivated, manufactured, distributed, possessed, or sold is in existence at the time of the application, a sign posted as required in subsections 1 and 2 of this section shall be placed so as to be conspicuous and plainly visible to the general public. If the building is not constructed at the time of the application, the applicant shall post a sign at the premises upon which the building is to be constructed in such a manner that the notice shall be conspicuous and plainly visible to the general public.

5. (1) A local licensing authority, or a license applicant with the authorization of the local licensing authority, may request that the state licensing authority conduct a concurrent review of a new license application prior to the local licensing authority's final approval of the license application. Local licensing authorities who permit concurrent review shall continue to independently review the applicant's license application.

(2) When conducting a concurrent application review, the state licensing authority may advise the local licensing authority of any items it finds that may result in the denial of the license application. Upon correction of the noted discrepancies if the correction is permitted by the state licensing authority, the state licensing authority shall notify the local licensing authority of its conditional approval of the license application subject to the final approval by the local licensing authority. The state licensing authority shall then issue the applicant's state license upon receiving evidence of final approval by the local licensing authority.

(3) All applications submitted for concurrent review shall be accompanied by all applicable state license and application fees. Any applications which are later denied or withdrawn may allow for a refund of license fees only. All application fees provided by an applicant shall be retained by the respective licensing authority.

195.915. 1. Not less than five days prior to the date of the public hearing authorized in section 195.912, the local licensing authority shall make known its findings, based on its investigation, in writing to the applicant and other parties of interest. The local licensing authority has authority to refuse to issue a license provided for in this section for good cause, subject to judicial review.

2. Before entering a decision approving or denying the application for a local license, the local licensing authority may consider, except where sections 195.900 to 195.985 specifically provides otherwise, the facts and evidence adduced as a result of its investigation, as well as any other facts pertinent to the type of license for which application has been made, including the number, type, and availability of medical cannabis outlets located in or near the premises under consideration, and any other pertinent matters affecting the qualifications of the applicant for the conduct of the type of business proposed. A local licensing authority may only issue a medical cannabis center license and a medical cannabis cultivation and production facility license upon payment of the fee and compliance with all local licensing authority.

3. Within thirty days after the public hearing or completion of the application investigation, a local licensing authority shall issue its decision approving or denying an application for local licensure. The decision shall be in writing and shall state the reasons for the decision. The local licensing authority shall send a copy of the decision by certified mail to the applicant at the address shown on the application.

4. After approval of an application, a local licensing authority shall not issue a local license until the building in which the business to be conducted is ready for occupancy with such furniture, fixtures, and equipment in place as are necessary to comply with the applicable provisions of sections 195.900 to 195.985, and then only after the local licensing authority has inspected the premises to determine that the applicant has complied with the architect's drawing and the plot plan and detailed sketch for the interior of the buildings submitted with the application.

5. After approval of an application for local licensure, the local licensing authority shall notify the state licensing authority of such approval, who shall investigate and either approve or disapprove the application for state licensure.

195.918. 1. (1) The division may restrict the number of licenses granted for medical cannabis cultivation and production facilities, provided, however, that number may not be limited to fewer than one license per every one hundred thousand inhabitants of the state of Missouri, according to the most recent census of the United States. Each facility in operation shall require a separate license but multiple licenses may be utilized in a premises. The license shall be valid for one year from its date of issuance and shall be renewable, except for good cause. No more than three medical cannabis and production facility licenses shall be issued to any person under substantially common control, ownership, or management. At least one medical cannabis center license shall be issued for each medical cannabis cultivation and production facility license.

(2) The division may restrict the numbers of licenses granted for medical cannabis centers, provided, however, that number may not be limited to fewer than one license per every one hundred thousand inhabitants of the state of Missouri, according to the most recent census of the United States, except that, an applicant for a medical cannabis center license may be approved for an additional two medical cannabis center licenses in accordance with subdivision (3) of this subsection. Such additional medical cannabis center licenses shall not be counted toward the statewide limit for medical cannabis centers. A license shall be valid for one year from its date of issuance and shall be renewable, except for good cause.

(3) Licenses shall be geographically disbursed by the division, in consultation with the department of health and senior services, based on the demographics of the state and patient demand to ensure statewide access for patients. If more than the statewide limit for medical cannabis centers are necessary to provide sufficient patient access, a medical cannabis cultivation and production facility licensee may be approved for up to an additional two medical cannabis center licenses, subject to approval by the local licensing authority and the division.

2. Before the division of alcohol and tobacco control issues a state license to an applicant, the applicant shall procure and file with the division evidence of a good and sufficient bond in the amount of five thousand dollars with corporate surety thereon duly licensed to do business with the state, approved as to form by the state attorney general, and conditioned that the applicant shall report and pay all sales and use taxes due to the state, or for which the state is the collector or collecting agent, in a timely manner, as provided in law.

3. A corporate surety shall not be required to make payments to the state claiming under such bond until a final determination of failure to pay taxes due to the state has been made by the division or a court of competent jurisdiction.

4. All bonds required under this section shall be renewed at such time as the bondholder's license is renewed. The renewal may be accomplished through a continuation certificate issued by the surety.

195.921. 1. Applications for a state license under the provisions of sections 195.900 to 195.985 shall be made to the division on forms prepared and furnished by the division and shall set forth such information as the division may require to enable the division to determine whether a state license shall be granted. The information shall include the name and address of the applicant, the names and addresses of the officers, directors, or managers, and all other information deemed necessary by the division. Each application shall be verified by the oath or affirmation of such person or persons as the division may prescribe.

2. Within one hundred eighty days of the effective date of this section, the division shall make available to the public license application forms and application instructions for medical cannabis cultivation and production facilities, medical cannabis center facilities, and medical cannabis testing facilities. The division shall begin accepting license and certification applications no later than two hundred forty days after the effective date of this section.

Applications for licenses and certifications shall be approved or denied by the division no later than one hundred twenty days after their submission.

3. The division shall not issue a state license under this section until the local licensing authority has approved the application for a local license and issued a local license as provided for in sections 195.909 to 195.918.

4. Nothing in sections 195.900 to 195.985 shall preempt or otherwise impair the power of a local government to enact ordinances or resolutions concerning matters authorized to local governments.

195.924. 1. The division shall deny a state license if the premises on which the applicant proposes to conduct its business does not meet the requirements of sections 195.900 to 195.985.

2. If the division denies a state license under subsection 1 of this section, the applicant shall be entitled to a hearing before the administrative hearing commission. The division shall provide written notice of the grounds for denial of the state license to the applicant and to the local licensing authority at least fifteen days prior to the hearing.

195.927. 1. A license provided by sections 195.900 to 195.985 shall not be issued to or held by:

(1) A person until the annual fee has been paid;

(2) A person under twenty-one years of age;

(3) A person licensed under sections 195.900 to 195.985 who during a period of licensure or who at the time of application has failed to:

(a) Provide a surety bond, proof of assets, or file any tax return with a taxing agency;

(b) Avoid delinquency in the payment of any state income taxes, personal property taxes, municipal taxes, or real property taxes;

(c) Pay any judgments due to a government agency;

(d) Stay out of default on a government-issued student loan;

(e) Pay child support; or

(f) Remedy an outstanding delinquency for taxes owed, an outstanding delinquency for judgments owed to a government agency, or an outstanding delinquency for child support.

(4) A person who has discharged a sentence in the ten years immediately preceding the application date for a conviction of a felony or a person who at any time has been convicted of a

felony under any state or federal law regarding the possession, distribution, or use of a controlled substance;

(5) A person who employs another person at a medical cannabis center, a medical cannabis cultivation and production facility, or a medical cannabis testing facility who has not passed a criminal background check;

(6) A sheriff, deputy sheriff, police officer, or prosecuting officer, or any officer or employee of the division or a local licensing authority;

(7) A person whose authority to be a caregiver as defined in sections 195.900 to 195.985 has been revoked by the department; or

(8) A person who holds a license for a location that is currently licensed as a retail food establishment or wholesale food registrant.

2. The provisions of section 324.010.1 shall apply to sections 195.900 to 195.985.

3. All medical cannabis cultivation and production facility licensees and all medical cannabis center licensees shall be held by entities that are sixty percent or more owned by natural persons who have been bona fide residents of the state of Missouri for at least three years continuously immediately prior to the date of filing of application for such licenses. Notwithstanding the foregoing, medical cannabis cultivation and production facility licensees and medical cannabis center licensees may be held by entities with no greater than a forty percent interest owned by natural persons who have not been citizens of the state of Missouri for at least three years continuously immediately prior to the date of filing of application for such licenses.

4. (1) In investigating the qualifications of an applicant or a licensee, the division shall have access to criminal background check information furnished by a criminal justice agency subject to any restrictions or costs imposed by such agency. In addition to considering the applicant's criminal background check information, the division shall also consider any information provided by the applicant regarding such criminal background check, including, but not limited to, evidence of rehabilitation, character references, and educational achievements, especially those items pertaining to the period of time between the applicant's last criminal conviction and the consideration of the application for a state license.

(2) As used in subdivision (1) of this subsection, "criminal justice agency" means any federal, state, or municipal court or any governmental agency or subunit of such agency that administers criminal justice under a statute or executive order and that allocates a substantial part of its annual budget to the administration of criminal justice.

(3) At the time of filing an application for issuance or renewal of a state medical cannabis center license, a medical cannabis cultivation and production facility license, or a medical cannabis testing facility license, an applicant shall submit a set of his or her fingerprints and file personal history information concerning the applicant's qualifications for a state license on forms

prepared by the division. The division shall submit the fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol shall forward the fingerprints to the Federal Bureau of Investigation for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted in accordance with section 43.543, and fees shall be paid in accordance with section 43.530. The division may acquire a name-based criminal background check for an applicant or a license holder who has twice submitted to a fingerprint-based criminal background check and whose fingerprints are unclassifiable. The division shall use the information resulting from the fingerprint-based criminal history record check to investigate and determine whether an applicant is qualified to hold a state license under sections 195.900 to 195.985. The division may verify any of the information an applicant is required to submit.

195.930. The division or a local licensing authority shall not receive or act upon an application for the issuance of a state or local license under sections 195.900 to 195.985:

(1) If the application for a state or local license concerns a particular location that is the same as or within one thousand feet of a location for which, within the two years immediately preceding the date of the application, the division or a local licensing authority denied an application for the same class of license due to the nature of the use or other concern related to the location;

(2) Until it is established that the applicant is or shall be entitled to possession of the premises for which application is made under a lease, rental agreement, or other arrangement for possession of the premises or by virtue of ownership of the premises;

(3) For a location in an area where the cultivation, manufacture, and sale of medical cannabis as contemplated is not permitted under the applicable local zoning laws of the municipality or county; or

(4) (a) If the building in which medical cannabis is to be cultivated, produced, or sold is located within one thousand feet of, the real property comprising a public or private elementary, vocational, or secondary school or a public or private college, junior college, or university, or a playground, or housing facility owned by a public housing authority, or a licensed child care facility, or within 100 feet of a public or private youth center, public swimming pool, or video arcade facility. The provisions of this subdivision shall not affect the renewal or reissuance of a license once granted nor shall the provisions of this subdivision apply to a license in effect and actively doing business before such school, college, university, playground, housing facility, licensed child care facility, youth center, public swimming pool, or video arcade was constructed.

(b) The distances referred to in this subdivision are to be computed by direct measurement from the nearest property line of the land used for a school, college, university, playground, housing facility, licensed child care facility, youth center, public swimming pool, or video arcade to the nearest portion of the building in which medical cannabis is to be cultivated, produced, or sold.

(c) In addition to the requirements of section 195.909, the local licensing authority shall consider the evidence and make a specific finding of fact as to whether the building in which the medical cannabis is to be cultivated, produced, or sold is located within the distance restrictions established by or under this subdivision.

195.933. 1. A state or local license granted under the provisions of sections 195.900 to 195.985 shall not be transferable except as provided in this section, but this section shall not prevent a change of location as provided in subsection 13 of section 195.936.

2. For a transfer of ownership, a license holder shall apply to the division and the local licensing authority on forms prepared and furnished by the division. In determining whether to permit a transfer of ownership, the division and the local licensing authority shall consider only the requirements of sections 195.900 to 195.985, any rules promulgated by the division, and any other local restrictions. The local licensing authority may hold a hearing on the application for transfer of ownership. The local licensing authority shall not hold a hearing under this subsection until the local licensing authority has posted a notice of hearing in the manner described in section 195.912 on the licensed medical cannabis center premises and/or the medical cannabis cultivation and production facility for a period of ten days and has provided notice of the hearing to the applicant at least ten days prior to the hearing. Any transfer of ownership hearing by the division shall be held in compliance with the requirements specified in section 195.912.

195.936. 1. Sections 195.900 to 195.985 authorize a county or municipality to enact reasonable regulations or other restrictions applicable to licenses of medical cannabis centers and medical cannabis cultivation and production facilities based on local zoning, health, safety, and public welfare laws for the distribution of medical cannabis that are more restrictive than sections 195.900 to 195.985.

2. A medical cannabis center and a medical cannabis cultivation and production facility shall not operate unless licensed by the local licensing authority and the state licensing authority under sections 195.900 to 195.985. In connection with a license, the applicant shall provide a complete and accurate list of all owners, officers, and employees who work at, manage, own, or are otherwise associated with the operation and shall provide a complete and accurate application as required by the division.

3. A medical cannabis center and a medical cannabis cultivation and production facility shall notify the division in writing within ten days after an owner, officer, or employee ceases to work at, manage, own, or otherwise be associated with the operation. The owner, officer, or employee shall surrender his or her identification card to the division on or before the date of the notification.

4. A medical cannabis center and a medical cannabis cultivation and production facility shall notify the division in writing of the name, address, and date of birth of an owner, officer, manager, or employee before the new owner, officer, manager, or employee begins working at, managing, owning, or begins an association with the operation. The owner, officer, manager, or employee shall pass a fingerprint-based criminal background

check as required by the division and obtain the required identification prior to being associated with, managing, owning, or working at the operation.

5. A medical cannabis center and a medical cannabis cultivation and production facility shall not acquire, possess, cultivate, deliver, transfer, transport, supply, or dispense cannabis for any purpose except to assist patients with qualifying medical conditions or to test the product at a medical cannabis testing facility, or as otherwise provided in section 195.900 to 195.985.

6. All owners of a licensed medical cannabis center and a licensed medical cannabis cultivation and production facility shall be authorized to do business in Missouri. A local licensing authority shall not issue a license provided for in sections 195.900 to 195.985 until that share of the license application fee due to the state has been received by the division. All licenses granted under sections 195.900 to 195.985 shall be valid for a period not to exceed one year from the date of issuance unless revoked or suspended under sections 195.900 to 195.985 or the rules promulgated under sections 195.900 to 195.985.

7. Before granting a local or state license, the respective licensing authority may consider, except where sections 195.900 to 195.985 specifically provide otherwise, the requirements of sections 195.900 to 195.985 and any rules promulgated under sections 195.900 to 195.985, and all other reasonable restrictions that are or may be placed upon the licensee by the licensing authority. With respect to a second or additional license for the same licensee or the same owner of another licensed business under sections 195.900 to 195.985, each licensing authority shall consider the effect on competition of granting or denying the additional licenses to such licensee and shall not approve an application for a second or additional license that has the effect of restraining competition.

8. (1) Each license issued under sections 195.900 to 195.985 is separate and distinct. It is unlawful for a person to exercise any of the privileges granted under a license other than the license that the person holds or for a licensee to allow any other person to exercise the privileges granted under the licensee's license. A separate license shall be required for each specific business or business entity and each geographical location.

(2) At all times, a licensee shall possess and maintain possession of the premises for which the license is issued by ownership, lease, rental, or other arrangement for possession of the premises.

9. (1) The licenses provided under sections 195.900 to 195.985 shall specify the date of issuance, the period of licensure, the name of the licensee, and the premises licensed. The licensee shall conspicuously display the license at all times on the licensed premises.

(2) A local licensing authority shall not transfer location of or renew a license to sell medical cannabis until the applicant for the license produces a license issued and granted by the state licensing authority covering the whole period for which a license or license renewal is sought.

10. In computing any period of time prescribed by sections 195.900 to 195.985, the day of the act, event, or default from which the designated period of time begins to run shall not be included. Saturdays, Sundays, and legal holidays shall be counted as any other day.

11. A licensee shall report each transfer or change of financial interest in the license to the division and the local licensing authority thirty days prior to any transfer or change under subsection 13 of this section. A report shall be required for transfers of capital stock of any corporation, regardless of size.

12. Each licensee shall manage the licensed premises himself or herself or employ a separate and distinct manager on the premises and shall report the name of the manager to the division and the local licensing authority. The licensee shall report any change in manager to the division and local licensing authority thirty days prior to such change.

13. (1) A licensee may move his or her permanent location to any other place in the same municipality for which the license was originally granted, or in the same county if the license was granted for a place outside the corporate limits of a municipality, but it shall be unlawful to cultivate, manufacture, distribute, possess, or sell medical cannabis at any such place until permission to do so is granted by the division and the local licensing authority provided for in sections 195.900 to 195.985.

(2) In permitting a change of location, the division and the local licensing authority shall consider all reasonable restrictions that are or may be placed upon the new location by the governing body or local licensing authority of the municipality or county; any such change in location shall be in accordance with all requirements of sections 195.900 to 195.985 and rules promulgated under sections 195.900 to 195.985.

195.939. 1. (1) Ninety days prior to the expiration date of an existing license, the division shall notify the licensee of the expiration date by first class mail at the licensee's address of record with the division. A licensee shall apply for the renewal of an existing license to the local licensing authority not less than forty-five days and to the division not less than thirty days prior to the date of expiration. A local licensing authority shall not accept an application for renewal of a license after the date of expiration, except as provided in subsection 2 of this section. The division may extend the expiration date of the license and accept a late application for renewal of a license; provided that, the applicant has filed a timely renewal application with the local licensing authority. All renewals filed with the local licensing authority and subsequently approved by the local licensing authority shall next be processed by the division. The division or the local licensing authority, in its discretion, subject to the requirements of this section and based upon reasonable grounds, may waive the forty-five-day or thirty-day time requirements set forth in this subsection. The local licensing authority may hold a hearing on the application for renewal only if the licensee has had complaints filed against it, has a history of violations, or there are allegations against the licensee that constitute good cause.

(2) The local licensing authority shall not hold a renewal hearing provided for by this subsection for a medical cannabis center and a medical cannabis cultivation and production facility until it has posted a notice of hearing on the licensed medical cannabis center premises

and the medical cannabis cultivation and production facility premises in the manner described in section 195.912 for a period of ten days and provided notice to the applicant at least ten days prior to the hearing. The local licensing authority may refuse to renew any license for good cause, subject to judicial review.

2.(1) Notwithstanding the provisions of subsection 1 of this section, a licensee whose license has been expired for not more than ninety days may file a late renewal application upon the payment of a nonrefundable late application fee of five hundred dollars to the local licensing authority. A licensee who files a late renewal application and pays the requisite fees may continue to operate until both the state and local licensing authorities have taken final action to approve or deny the licensee's late renewal application.

(2) The state and local licensing authorities shall not accept a late renewal application more than ninety days after the expiration of a licensee's permanent annual license. A licensee whose permanent annual license has been expired for more than ninety days shall not cultivate, manufacture, distribute, possess, or sell any medical cannabis until all required licenses have been obtained.

195.942. The division or local licensing authority may, in its discretion, revoke or elect not to renew any license if it determines that the licensed premises have been inactive without good cause for at least one year.

195.945. 1. The division, by rule, shall require a complete disclosure of all persons having a direct or indirect financial interest and the extent of such interest in each license issued under sections 195.900 to 195.985.

2. A person shall not have an unreported financial interest in a license under sections 195.900 to 195.985 unless such person has undergone a fingerprint-based criminal background check as provided for by the division in its rules; except that, this subsection shall not apply to banks, savings and loan associations, or industrial banks supervised and regulated by an agency of the state or federal government, or to FHA-approved mortgagees, or to stockholders, directors, or officers thereof.

3. This section is intended to prohibit and prevent the control of the outlets for the sale of medical cannabis by a person or party other than the persons licensed under the provisions of sections 195.900 to 195.985.

195.948. 1. For the purpose of regulating the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis, the division may, in its discretion and upon application on the prescribed form made to it, issue and grant to the applicant a license or registration from any of the following classes, subject to the provisions and restrictions provided by sections 195.900 to 195.985:

(1) Medical cannabis center license;

(2) Medical cannabis cultivation and production facility license;

(3) Medical cannabis testing facility license;

(4) Occupational licenses and registrations for owners, managers, operators, employees, contractors, and other support staff employed by, working in, or having access to restricted areas of the licensed premises as determined by the division. The division may take any action with respect to a registration under sections 195.900 to 195.985 as it may with respect to a license under sections 195.900 to 195.985, in accordance with the procedures established under sections 195.900 to 195.985.

2. In order to do business in Missouri under sections 195.900 to 195.985, a medical cannabis business shall hold both a medical cannabis center license and a medical cannabis cultivation and production facility license and shall be operated as a vertically integrated business.

3. A medical cannabis business shall use a cannabis plant monitoring system as the primary inventory tracking system of records.

4. A state-chartered bank or a credit union may loan money to any person licensed under sections 195.900 to 195.985 for the operation of a licensed business.

5. A medical cannabis testing facility shall be licensed, approved, and certified by the division in order to test medical cannabis. A person who is an owner of a medical cannabis cultivation and production facility or a medical cannabis center facility is prohibited from having a financial interest in a medical cannabis testing facility. An owner of a medical cannabis testing facility is prohibited from having a financial interest in a medical cannabis cultivation and production facility or a medical cannabis center facility.

195.951. 1. A medical cannabis center license shall be issued only to a person selling medical cannabis under the terms and conditions of sections 195.900 to 195.985.

2. Notwithstanding the provision of this section, a medical cannabis center licensee may also sell medical cannabis-infused products that are prepackaged and labeled under subsection 7 of this section.

3. Except as otherwise provided in subsection 4 of this section, every person selling medical cannabis as provided for in this section shall sell medical cannabis grown in its medical cannabis cultivation and production facility licensed under sections 195.900 to 195.985.

4. A medical cannabis center licensee shall not purchase more than thirty percent of its total on-hand inventory of medical cannabis flower from another licensed medical cannabis center licensee in Missouri. A medical cannabis center licensee shall not sell more than thirty percent of its total on-hand inventory of medical cannabis flower to another Missouri medical cannabis licensee. At least seventy percent of the medical cannabis flower sold at a medical cannabis center shall be grown at its cultivation and production facility.

5. Prior to initiating a sale, the employee of the medical cannabis center making the sale shall verify that the purchaser has a valid registration card issued under section 195.981 and a valid picture identification card that matches the name on the registration card.

6. A licensed medical cannabis center shall provide an amount of its medical cannabis established by rule of the division for testing to a medical cannabis testing facility.

7. All medical cannabis sold at a licensed medical cannabis center shall be labeled as follows:

(1) The medical cannabis center shall place a legible, firmly affixed label on medical cannabis, excluding medical cannabis-infused products, on which the wording is no less than one-sixteenth inch in size on each package of medical cannabis that it prepares for dispensing and which contains at a minimum the following information:

(a) The registered qualifying patient's name;

(b) The name and registration number of the medical cannabis center that produced the cannabis, together with the medical cannabis center's telephone number and mailing address, and website information, if any;

(c) The quantity of usable medical cannabis contained within the package;

(d) The date that the medical cannabis center packaged the contents;

(e) A batch number, sequential serial number, and bar code when used, to identify the batch associated with manufacturing and processing;

(f) The cannabinoid profile of the medical cannabis contained within the package, including tetrahydrocannabinol (THC) level; and

(g) A statement that the product has been tested for contaminants, that there were no adverse findings, and the date of testing, and the following statement, including capitalization: "This product has not been analyzed or approved by the FDA. There is limited information on the side effects of using this product, and there may be associated health risks. Do not drive or operate machinery when under the influence of this product. KEEP THIS PRODUCT AWAY FROM CHILDREN."

(2) The medical cannabis center shall place a legible, firmly affixed label on medical cannabis-infused products on which the wording is no less than one-sixteenth inch in size on each medical cannabis-infused product that it prepares for dispensing and which contains at a minimum the following information:

(a) The registered qualifying patient's name;

(b) The name and registration number of the medical cannabis center that produced the medical cannabis-infused product, together with the medical cannabis center's telephone number and mailing address, and website information, if any;

(c) The name of the product;

(d) The quantity of usable cannabis contained within the product as measured in ounces;

(e) A list of ingredients, including the cannabinoid profile of the cannabis contained within the product, including the tetrahydrocannabinol (THC) level;

(f) The date of product creation and the recommended "use by" or expiration date;

(g) To identify the batch associated with manufacturing and processing, a batch number, sequential serial number, and bar code when used;

(h) Directions for use of the product if relevant;

(i) A statement that the product has been tested for contaminants, that there were no adverse findings, and the date of testing;

(j) A warning if known allergens are contained in the product; and

(k) The following statement, including capitalization: "This product has not been analyzed or approved by the FDA. There is limited information on the side effects of using this product, and there may be associated health risks. Do not drive or operate machinery when under the influence of this product. KEEP THIS PRODUCT AWAY FROM CHILDREN."

(3) Cannabis shall be packaged in plain, opaque, tamperproof, and child-resistant containers without depictions of the product, cartoons, or images other than the medical cannabis center's logo.

8. A licensed medical cannabis center shall comply with all provisions of law as such provisions relate to persons with disabilities.

195.954. A medical cannabis cultivation and production facility license shall only be issued to a person licensed under this section who grows and cultivates medical cannabis and who manufactures medical cannabis or medical cannabis-infused products under the terms and conditions of sections 195.900 to 195.985.

195.957. 1. The department of health and senior services is the designated state agency for regulating and controlling the manufacturing of medical cannabis-infused products.

2. (1) Medical cannabis-infused products shall be prepared on a cultivation and production facility licensed premises that is used for the manufacture and preparation of medical

cannabis-infused products and which uses equipment that is used for the manufacture and preparation of medical cannabis-infused products.

(2) Only a licensed medical cannabis cultivation and production facility is permitted to produce medical cannabis-infused products. A medical cannabis cultivation and production facility may produce medical cannabis-infused products for the facility's medical cannabis centers and may sell the medical cannabis-infused products it produces to any other licensed medical cannabis centers in the state.

(3) The medical cannabis cultivation and production facility shall have all cannabis cultivated by such facility tested by a licensed medical cannabis testing facility in accordance with the following:

(a) Cannabis shall be tested for the cannabinoid profile and for contaminants as specified by the department, including, but not limited to, mold, mildew, heavy metals, plant-growth regulators, and the presence of nonorganic pesticides. The department may require additional testing;

(b) The facility shall maintain the results of all testing for no less than one year;

(c) The facility shall have and follow a policy and procedure for responding to results indicating contamination, which shall include destruction of contaminated product and assessment of the source of contamination. Such policy shall be available to registered qualifying patients and primary caregivers;

(d) All testing shall be conducted by an independent laboratory that is:

a. Accredited to International Organization for Standardization (ISO) 17025 by a third-party accrediting body such as A2LA or ACLASS; or

b. Certified, registered, or accredited by an organization approved by the department.

(e) The facility shall arrange for testing to be conducted in accordance with the frequency required by the department;

(f) A facility shall have a contractual arrangement with a medical cannabis testing facility for the purposes of testing cannabis, including a stipulation that those individuals responsible for testing at the medical cannabis testing facility be licensed;

(g) A medical cannabis cultivation and production facility is prohibited from having any financial or other interest in a medical cannabis testing facility providing testing services for any medical cannabis cultivation and production facility;

(h) No individual employee of a medical cannabis testing facility providing testing services for medical cannabis cultivation and production facilities shall receive direct financial compensation from any medical cannabis cultivation and production facility;

(i) All transportation of cannabis to and from laboratories providing cannabis testing services shall comply with rules promulgated under any rulemaking authority granted in sections 195.900 to 195.985;

(j) All storage of cannabis at a laboratory providing cannabis testing services shall comply with subdivision (4) of this subsection; and

(k) All excess cannabis shall be returned to the source medical cannabis cultivation and production facility and be disposed of under paragraph (e) of subdivision (6) of this subsection.

(4)(a) All cannabis in the process of cultivation, production, preparation, transport, or analysis shall be housed and stored in such a manner as to prevent diversion, theft, or loss.

(b) Such items shall be accessible only to the minimum number of specifically authorized dispensary agents essential for efficient operation.

(c) Such items shall be returned to a secure location immediately after completion of the process or at the end of the scheduled business day.

(d) If a manufacturing process cannot be completed at the end of a working day, the processing area or tanks, vessels, bins, or bulk containers containing cannabis shall be securely locked inside an area or building that affords adequate security.

(5) A medical cannabis cultivation and production facility shall process cannabis in a safe and sanitary manner. A facility shall process the leaves and flowers of the female cannabis plant only, which shall be:

(a) Well cured and free of seeds and stems;

(b) Free of dirt, sand, debris, and other foreign matter;

(c) Free of contamination by mold, rot, other fungus, and bacterial diseases;

(d) Prepared and handled on food-grade stainless steel tables; and

(e) Packaged in a secure area.

(6) All facilities, including those that develop or process nonedible medical cannabis-infused products, shall comply with the following sanitary requirements:

(a) Any dispensary agent whose job includes contact with cannabis or nonedible medical cannabis-infused products, including cultivation, production, or packaging, is subject to the requirements for food handlers under state law and in accordance with rules of the department of health and senior services;

(b) Any dispensary agent working in direct contact with preparation of cannabis or nonedible medical cannabis-infused products shall conform to sanitary practices while on duty, including:

a. Maintaining adequate personal cleanliness; and

b. Washing hands thoroughly in an adequate hand-washing area before starting work, and at any other time when hands may have become soiled or contaminated.

(c) Hand-washing facilities shall be adequate and convenient and shall be furnished with running water at a suitable temperature. Hand-washing facilities shall be located in the facility in production areas and where good sanitary practices require employees to wash and sanitize their hands, and shall provide effective hand cleaning and sanitizing preparations and sanitary towel service or suitable drying devices;

(d) There shall be sufficient space for placement of equipment and storage of materials as is necessary for the maintenance of sanitary operations;

(e) Litter and waste shall be properly removed, disposed of so as to minimize the development of odor, and shall minimize the potential for the waste attracting and harboring pests. The operating systems for waste disposal shall be maintained in an adequate manner;

(f) Floors, walls, and ceilings shall be constructed in such a manner that they may be adequately kept clean and in good repair;

(g) There shall be adequate safety lighting in all processing and storage areas, as well as areas where equipment or utensils are cleaned;

(h) Buildings, fixtures, and other physical facilities shall be maintained in a sanitary condition;

(i) All contact surfaces, including utensils and equipment, shall be maintained in a clean and sanitary condition. Such surfaces shall be cleaned and sanitized as frequently as necessary to protect against contamination, using a sanitizing agent registered by the United States Environmental Protection Agency (EPA), in accordance with labeled instructions. Equipment and utensils shall be so designed and of such material and workmanship as to be adequately cleanable;

(j) All toxic items shall be identified, held, and stored in a manner that protects against contamination of cannabis and medical cannabis-infused products;

(k) A facility's water supply shall be sufficient for necessary operations. Any private water source shall be capable of providing a safe, potable, and adequate supply of water to meet the facility's needs;

(l) Plumbing shall be of adequate size and design, and adequately installed and maintained to carry sufficient quantities of water to required locations throughout the facility. Plumbing shall properly convey sewage and liquid disposable waste from the facility. There shall be no cross-connections between the potable and waste water lines;

(m) A facility shall provide its employees with adequate, readily accessible toilet facilities that are maintained in a sanitary condition and in good repair;

(n) Products that may support the rapid growth of undesirable microorganisms shall be held in a manner that prevents the growth of such microorganisms; and

(o) Storage and transportation of finished products shall be under conditions that shall protect them against physical, chemical, and microbial contamination as well as against deterioration of them or their container.

3. (1) A medical cannabis cultivation and production facility shall provide adequate lighting, ventilation, temperature, humidity, space, and equipment.

(2) A facility shall have separate areas for storage of cannabis that is outdated, damaged, deteriorated, mislabeled, or contaminated, or whose containers or packaging have been opened or breached, until such products are destroyed.

(3) Facility storage areas shall be maintained in a clean and orderly condition.

(4) Facility storage areas shall be free from infestation by insects, rodents, birds, and pests of any kind.

(5) Facility storage areas shall be maintained in accordance with the security requirements promulgated under the authority granted in sections 195.900 to 195.985.

195.960. 1. Until a medical cannabis cultivation and production facility's cultivation or production process has been validated, such facility shall not wholesale, transfer, or process into a medical cannabis concentrate or medical cannabis product any medical cannabis, medical cannabis concentrate, or medical cannabis product unless samples from the harvest batch or production batch from which such medical cannabis, medical cannabis concentrate, or medical cannabis product was derived were tested by a medical cannabis testing facility for contaminants and passed all contaminant tests required by subsection 3 of this section.

2. (1) A medical cannabis cultivation and production facility's cultivation process shall be deemed valid if every harvest batch that it produced during a twelve-week period passed all contaminant tests required by subsection 3 of this section, including at least twelve test batches that were submitted at least six days apart and contained samples from entirely different harvest batches.

(2) A facility's production process shall be deemed valid if every production batch that it produced during a four-week period passed all contaminant tests required by

subsection 3 of this section, including at least four test batches that were submitted at least six days apart which contained samples from entirely different production batches.

3. (1) Each harvest batch of medical cannabis and production batch of medical cannabis concentrate and medical cannabis product shall be tested for microbial contamination by a medical cannabis testing facility. The microbial contamination test shall include, but not be limited to, testing to determine the presence of and amounts present of salmonella sp., escherichia coli, and other bile-tolerant bacteria. Each harvest batch of medical cannabis and production batch of medical cannabis concentrate and medical cannabis product shall be tested for mold contamination by a medical cannabis testing facility. The mold contamination test shall include, but shall be limited to, testing to determine presence and the level of aspergillus sp., mucor sp., penicillium sp., and thermophilic actinomycetes sp.

(2) Each harvest batch of medical cannabis produced by a facility shall be tested for filth and other visible contamination by a medical cannabis testing facility. The filth contamination test shall include, but shall not be limited to, the detection, separation, quantification, identification, and interpretation of extraneous materials, including insects, rodent droppings, visible adulterants, and other contaminants, in medical cannabis flowers and trim.

(3) Each production batch of solvent-based medical cannabis concentrate produced by a facility shall be tested for residual solvent contamination by a medical cannabis testing facility. The residual solvent contamination test shall include, but not be limited to, testing to determine the presence of, and amounts present of, butane, propane, ethanol, isopropanol, acetone, and heptane.

4. (1) The division may require additional tests to be conducted on a harvest batch or production batch prior to a facility wholesaling, transferring, or processing into a medical cannabis concentrate or medical cannabis product any medical cannabis, medical cannabis concentrate, or medical cannabis product from such harvest batch or production batch. Additional tests may include, but not be limited to, screening for pesticides, harmful chemicals, adulterants, or other types of microbials, molds, filth, or residual solvents.

(2) (a) A production batch of medical cannabis concentrate shall be considered exempt from subdivision (1) of this subsection if the facility that produced it does not wholesale or transfer any portion of the production batch and it uses the entire production batch to manufacture medical cannabis product; except that, a solvent-based medical cannabis concentrate produced using butane, propane, ethanol, isopropanol, acetone, heptane shall still be submitted for a residual solvent contaminant test.

(b) A facility shall not be required to have residual solvent testing conducted on the product batch of a solvent-based medical cannabis concentrate if only CO2 was used during the production of the medical cannabis concentrate.

5. (1) (a) If a facility makes a material change to its cultivation or production process, such facility shall have the first five harvest batches or production batches produced using the new standard operating procedures tested for all of the contaminants required by subsection 3 of this section regardless of whether its process has been previously validated. If any such tests fail, such facility's process shall be revalidated.

(b) It shall be considered a material change if a facility begins using a new or different pesticide during its cultivation process, and the first five harvest batches produced using the new or different pesticide shall also be tested for pesticide.

(c) It shall be considered a material change if a facility begins using a new or different solvent or combination of solvents.

(d) A facility that makes a material change shall notify the medical cannabis testing facility that conducts contaminant testing on the first five harvest batches or production batches produced using the new standard operating procedures.

(e) When a harvest batch or production batch is required to be submitted for testing under this subsection, the facility that produced it shall not wholesale, transfer, or process into a medical cannabis concentrate or medical cannabis product any of the medical cannabis, medical cannabis concentrate, or medical cannabis product from such harvest batch or production batch.

(2) If six of the ten most recently tested test batches produced by a facility fail contaminant testing, the facility shall be required to revalidate its process.

6. Notwithstanding any other provision of state law, sales of medical cannabis-infused products shall not be exempt from state or local sales tax.

195.961.1. A tax is hereby levied and imposed upon the retail sale of cannabis for medical use sold at medical cannabis centers within the state. The tax shall be equivalent to two percent of the retail price. The purpose and intent of the tax is to impose a tax upon the privilege of engaging in the business, in this state, of selling medical cannabis. The primary tax burden is placed on making taxable sales of medical cannabis. All sellers of medical cannabis shall be required to report to the director of revenue, on such forms and in such manner as the director of revenue shall prescribe. Their "gross receipts from the sale of medical cannabis," defined to mean the aggregate amount of the sales price of all sales at retail of medical cannabis, and remit to the director of revenue two percent of their gross receipts from the sales of medical cannabis.

2. After retaining no more than five percent for its actual collection costs, one-half percent of the amount generated by the tax imposed in this section shall be deposited by the department of revenue into the Missouri Veterans' Health and Care Fund, one-half percent of the amount generated by the tax imposed in this section will be deposited by the department of revenue into the Missouri Public Safety Fund, one-half percent of the amount generated by the tax imposed in this section shall be deposited by the department of revenue into the Missouri Drug Treatment Fund, and one-half percent of the amount generated by the tax imposed in this section shall be deposited by the department of revenue into the Early Childhood Development,

Education and Care Fund created by section 161.125. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(1) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund," which shall consist of certain taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any moneys remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section.

(b) Next, the remainder of such funds shall be transferred to the Missouri Veterans Commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri Veteran's Homes, the Missouri Service Officer's Program, and other services for veterans approved by the Commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri Veterans Commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All moneys from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(2) There is hereby created in the state treasury the "Missouri Public Safety Fund", which shall consist of taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any moneys remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The Commissioner of Administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the Department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the Department, an amount necessary for the Department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section.

(b) Next, the remainder of such funds shall be allocated evenly to all police departments, fire protection districts, and fire departments in the State of Missouri that have medical cannabis centers or medical cannabis cultivation and production facilities within their geographic boundaries.

(c) All moneys from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) There is hereby created in the state treasury the "Missouri Drug Treatment Fund," which shall consist of taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any moneys remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The Commissioner of Administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the Department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the Department, an amount necessary for the Department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section.

(b) Next, the remainder of such funds shall be allocated evenly to all Missouri Drug Treatment Centers that are funded by the State of Missouri.

(c) All moneys from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(4) The department of revenue shall have the authority to establish, revise, and amend rules as necessary to carry into effect the tax imposed by this section and to issue all forms, instructions and other documents necessary for the collection of the tax.

3. The provisions of sections 144.010 through 144.527 shall apply to the administration of the tax imposed by this section.

195.963. 1. (1) There is hereby created in the state treasury the "Medical Cannabis License Cash Fund," which shall consist of all moneys collected by the division under sections

195.900 to 195.985. The state treasurer shall be custodian of the fund. In accordance with sections 30.170 and 30.180, the state treasurer may approve disbursements. The fund shall be a dedicated fund and, upon appropriation, moneys in the fund shall be used solely for the administration of sections 195.900 to 195.985.

(2) Notwithstanding the provisions of section 33.080 to the contrary, any moneys remaining in the fund at the end of the biennium shall not revert to the credit of the general revenue fund.

(3) The state treasurer shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund.

(4) There is hereby created the "Medical Cannabis Program Account" as an account within the medical cannabis license cash fund. The account shall consist of all moneys collected by the department of health and senior services under section 195.981. The account shall be a dedicated account and, upon appropriation, moneys in the account shall be used solely for the administration of section 195.981.

2. (1) The division shall require all applicants for initial state licenses under sections 195.900 to 195.985 to submit a nonrefundable application fee of twelve thousand five hundred dollars for a medical cannabis center license, and twelve thousand five hundred dollars for a medical cannabis cultivation and production facility license. The division shall require all applicants for initial state licenses under sections 195.900 to 195.985 to submit an annual license fee of twelve thousand five hundred dollars for a medical cannabis center license, and twelve thousand five thousand dollars for a cultivation and production facility license. All applications submitted shall be accompanied by all applicable state license and application fees. Any applications which are later denied or withdrawn may allow for a refund of license fees only. All application fees provided by an applicant shall be retained by the division.

(2) The division shall establish all other fees for processing the following types of applications, licenses, notices, or reports required to be submitted to the state licensing authority:

(a) Applications to change location under subsection 13 of section 195.936 and rules promulgated thereunder;

(b) Applications for transfer of ownership under section 195.933 and rules promulgated thereunder;

(c) License renewal fees, application fees for renewals, and expired license renewal applications under section 195.939; and

(d) Licenses as listed in section 195.948.

(3) The amounts of the fees under subdivisions (1) and (2) of this subsection, when added to the other fees transferred to the fund under this section, shall reflect the actual direct and

indirect costs of the division in the administration and enforcement of sections 195.900 to 195.985.

(4) The division may charge applicants licensed under sections 195.900 to 195.985 a fee for the cost of each fingerprint analysis and background investigation undertaken to qualify new officers, directors, managers, or employees.

(5) At least annually, the division shall review the amounts of the fees and, if necessary, adjust the amounts to reflect the direct and indirect costs of the division.

3. Except as provided in subsection 4 of this section, the division shall establish a basic fee that shall be paid at the time of service of any subpoena upon the division, plus a fee for meals and a fee for mileage at the rate prescribed for state officers and employees, for each mile actually and necessarily traveled in going to and returning from the place named in the subpoena. If the person named in the subpoena is required to attend the place named in the subpoena for more than one day, there shall be paid, in advance, a sum to be established by the division for each day of attendance to cover the expenses of the person named in the subpoena.

4. The subpoena fee established under subsection 3 of this section shall not be applicable to any federal, state, or local governmental agency.

195.966. 1. Except as otherwise provided, all fees and fines provided for by sections 195.900 to 195.985 shall be paid to the division, which shall transmit the fees to the state treasurer. The state treasurer shall credit the fees to the medical cannabis license cash fund created in section 195.963.

2. The expenditures of the division shall be paid out of appropriations from the medical cannabis license cash fund created in section 195.963.

195.969. 1. Each application for a local license provided for in sections 195.900 to 195.985 filed with a local licensing authority shall be accompanied by an application fee and a license fee in an amount determined by the local licensing authority not to exceed ten percent of the state application fee and license fee.

2. License fees as determined by the local licensing authority shall be paid to the treasurer of the municipality or county where the licensed premises is located in advance of the approval, denial, or renewal of the license.

195.972. 1. In addition to any other sanctions prescribed by sections 195.900 to 195.985 or rules promulgated under sections 195.900 to 195.985, the division or a local licensing authority has the power, on its own motion or on complaint, after investigation and opportunity for a public hearing at which the licensee shall be afforded an opportunity to be heard, to suspend or revoke a license issued by the respective authority for a violation by the licensee or by any of the agents or employees of the licensee of the provisions of sections 195.900 to 195.985, or any of the rules promulgated under sections 195.900 to 195.985, or of any of the terms, conditions, or provisions of the license issued by the division or local

licensing authority. The division or a local licensing authority has the power to administer oaths and issue subpoenas to require the presence of persons and the production of papers, books, and records necessary to the determination of a hearing that the division or local licensing authority is authorized to conduct.

2. The division or local licensing authority shall provide notice of suspension, revocation, fine, or other sanction, as well as the required notice of the hearing under subsection 1 of this section by mailing the same in writing to the licensee at the address contained in the license. Except in the case of a summary suspension under section 195.984, a suspension shall not be for a longer period than six months. If a license is suspended or revoked, a part of the fees paid therefore shall not be returned to the licensee. Any license or permit may be summarily suspended by the issuing licensing authority without notice, pending any prosecution, investigation, or public hearing under the terms of section 195.984. Nothing in this section shall prevent the summary suspension of a license under section 195.984.

3. (1) Whenever a decision of the division or a local licensing authority suspending a license for fourteen days or less becomes final, the licensee may, before the operative date of the suspension, petition for permission to pay a fine in lieu of having the license suspended for all or part of the suspension period. Upon the receipt of the petition, the division or local licensing authority may, in its sole discretion, stay the proposed suspension and cause any investigation to be made which it deems desirable and may, in its sole discretion, grant the petition if the division or local licensing authority is satisfied that:

(a) The public welfare and morals shall not be impaired by permitting the licensee to operate during the period set for suspension and that the payment of the fine shall achieve the desired disciplinary purposes;

(b) The books and records of the licensee are kept in such a manner that the loss of sales that the licensee would have suffered had the suspension gone into effect may be determined with reasonable accuracy; and

(c) The licensee has not had his or her license suspended or revoked, nor had any suspension stayed by payment of a fine, during the two years immediately preceding the date of the motion or complaint that resulted in a final decision to suspend the license or permit.

(2) The fine accepted shall be not less than five hundred dollars nor more than one hundred thousand dollars.

(3) Payment of a fine under the provisions of this subsection shall be in the form of cash or in the form of a certified check or cashier's check made payable to the division or local licensing authority, whichever is appropriate.

4. Upon payment of the fine under subsection 3 of this section, the division or local licensing authority shall enter its further order permanently staying the imposition of the suspension. If the fine is paid to a local licensing authority, the governing body of the authority

shall cause the moneys to be paid into the general fund of the local licensing authority. Fines paid to the division under subsection 3 of this section shall be transmitted to the state treasurer who shall credit the same to the medical cannabis license cash fund created in section 195.963.

5. In connection with a petition under subsection 3 of this section, the authority of the division or local licensing authority is limited to the granting of such stays as are necessary for the authority to complete its investigation and make its findings and, if the authority makes such findings, to the granting of an order permanently staying the imposition of the entire suspension or that portion of the suspension not otherwise conditionally stayed.

6. If the division or local licensing authority does not make the findings required in subdivision (1) of subsection 3 of this section and does not order the suspension permanently stayed, the suspension shall go into effect on the operative date finally set by the division or local licensing authority.

7. Each local licensing authority shall report all actions taken to impose fines, suspensions, and revocations to the division in a manner required by the division. No later than January fifteenth of each year, the division shall compile a report of the preceding year's actions in which fines, suspensions, or revocations were imposed by local licensing authorities and by the division. The division shall file one copy of the report with the chief clerk of the house of representatives, one copy with the secretary of the senate, and six copies in the legislative library.

195.975. 1. Each licensee shall keep a complete set of all records necessary to show fully the business transactions of the licensee, all of which shall be open at all times during business hours for the inspection and examination of the division or its duly authorized representatives. The division may require any licensee to furnish such information as it considers necessary for the proper administration of this section and may require an audit to be made of the books of account and records on such occasions as it may consider necessary by an auditor to be selected by the division who shall likewise have access to all books and records of the licensee, and the expense thereof shall be paid by the licensee.

2. The licensed premises, including any places of storage where medical cannabis is grown, stored, cultivated, sold, or dispensed, shall be subject to inspection by the division or local licensing authorities and their investigators, during all business hours and other times of apparent activity, for the purpose of inspection or investigation. For examination of any inventory or books and records required to be kept by the licensees, access shall be required during business hours. Where any part of the licensed premises consists of a locked area, upon demand to the licensee, such area shall be made available for inspection without delay, and, upon request by authorized representatives of the division or local licensing authority, the licensee shall open the area for inspection.

3. Each licensee shall retain all books and records necessary to show fully the business transactions of the licensee for a period of the current tax year and the three immediately prior tax years.

195.978. 1. Except as otherwise provided in sections 195.900 to 195.985, it is unlawful for a person:

(1) To consume medical cannabis in a licensed medical cannabis center, and it shall be unlawful for a medical cannabis licensee to allow medical cannabis to be consumed upon its licensed premises;

(2) With knowledge, to permit or fail to prevent the use of such person's registry identification by any other person for the unlawful purchasing of medical cannabis; or

(3) To buy, sell, transfer, give away, or acquire medical cannabis, except as allowed under sections 195.900 to 195.985.

2. It is unlawful for a person licensed under sections 195.900 to 195.985:

(1) To be within a limited-access area unless the person's license badge is displayed as required by sections 195.900 to 195.985;

(2) To fail to designate areas of ingress and egress for limited-access areas and post signs in conspicuous locations as required by sections 195.900 to 195.985;

(3) To fail to report a transfer required by section 195.933; or

(4) To fail to report the name of or a change in managers as required by section 195.936.

3. It is unlawful for any person licensed to sell medical cannabis under sections 195.900 to 195.985:

(1) To sell more than two and one-half ounces of cannabis flower or its equivalent in cannabis concentrate or cannabis product during a sales transaction to a qualifying patient;

(2) To display any signs that are inconsistent with local laws or regulations;

(3) To use advertising material that is misleading, deceptive, or false, or that is designed to appeal to minors;

(4)(a) To sell medical cannabis to a person not licensed under sections 195.900 to 195.985 or to a person not able to produce a valid patient registry identification card. Notwithstanding any provision in this paragraph to the contrary, a person under twenty-one years of age shall not be employed to sell or dispense medical cannabis at a medical cannabis center or grow or cultivate medical cannabis at a medical cannabis cultivation and production facility;

(b) If a licensee or a licensee's employee has reasonable cause to believe that a person is exhibiting a fraudulent patient registry identification card in an attempt to obtain

medical cannabis, the licensee or employee shall be authorized to confiscate the fraudulent patient registry identification card, if possible, and shall, within seventy-two hours after the confiscation, turn it over to the department of health and senior services or local law enforcement agency. The failure to confiscate the fraudulent patient registry identification card or to turn it over to the department or a state or local law enforcement agency within seventy-two hours after the confiscation shall not constitute a criminal offense;

(5) To offer for sale or solicit an order for medical cannabis in person except within the licensed premises;

(6) To have in possession or upon the licensed premises any medical cannabis, the sale of which is not permitted by the license;

(7) To buy medical cannabis from a person not licensed to sell as provided by sections 195.900 to 195.985;

(8) To sell medical cannabis except in the permanent location specifically designated in the license for sale;

(9) To require a medical cannabis center or medical cannabis cultivation and production facility to make delivery to any premises other than the specific licensed premises where the medical cannabis is to be sold, except as otherwise provided under sections 195.900 to 195.985; or

(10) To sell, serve, or distribute medical cannabis at any time other than between the hours of 8:00 a.m. and 7:00 p.m. Monday through Sunday.

4. Except as otherwise provided in sections 195.900 to 195.985, it is unlawful for:

(1) A medical cannabis center or medical cannabis cultivation and production facility to sell, deliver, or cause to be delivered to a licensee any medical cannabis not grown upon its licensed premises; or

(2) A medical cannabis center or medical cannabis cultivation and production facility to sell, possess, or permit sale of medical cannabis not grown upon its licensed premises. A violation of this subsection by a licensee shall be grounds for the immediate revocation of the license granted under sections 195.900 to 195.985.

5. It shall be unlawful for a physician who makes patient referrals to a licensed medical cannabis center to receive anything of value from the medical cannabis center licensee or its agents, servants, officers, or owners or anyone financially interested in the licensee, and it shall be unlawful for a licensee licensed under sections 195.900 to 195.985 to offer anything of value to a physician for making patient referrals to the licensed medical cannabis center.

6. A person who commits any acts that are unlawful under this section is guilty of a class A misdemeanor.

195.981.1. As used in this section, the following terms shall mean:

(1) "Bona fide physician-patient relationship", for purposes of the medical cannabis program:

(a) A physician and a patient have a treatment or counseling relationship, in the course of which the physician has completed a full assessment of the patient's medical history and current medical condition, including an appropriate personal physical examination;

(b) The physician has consulted with the patient with respect to the patient's qualifying medical condition before the patient applies for a registry identification card; and

(c) The physician is available to or offers to provide follow-up care and treatment to the patient, including, but not limited to, patient examinations, to determine the efficacy of the use of medical cannabis as a treatment of the patient's qualifying medical condition.

(2) "Department", the department of health and senior services.

(3) "Director", the director of the department of health and senior services.

(4) "In good standing", with respect to a physician's license:

(a) The physician holds a doctor of medicine or doctor of osteopathic medicine degree from an accredited medical school;

(b) The physician holds a valid license to practice medicine in Missouri that does not contain a restriction or condition that prohibits the recommendation of medical cannabis; and

(c) The physician has a valid and unrestricted United States Department of Justice Federal Drug Enforcement Administration controlled substances registration.

(5) "Medical cannabis program", the program established under sections 195.900 to 195.985.

(6) "Nonresident cardholder", a person who: (1) has been diagnosed with a qualifying medical condition, or is the parent, guardian, conservator, or other person with authority to consent to the medical treatment of a person who has been diagnosed with a qualifying medical condition; (2) is not a resident of Missouri; (3) was issued a currently valid registry identification card or its equivalent under the laws of another state, district, territory, commonwealth, insular possession of the United States, or country recognized by the United States that allows the person to use cannabis for medical purposes in the jurisdiction of issuance; and (4) has submitted documentation required by the department and has received confirmation of registration.

(7) "Caregiver", the same meaning as such term is defined in section 195.900.

(8) "Registry identification card", the nontransferable confidential registry identification card issued by the department to patients and caregivers under this section.

2. The department of health and senior services shall establish, revise, and amend rules and regulations as follows:

(1) To ensure that patients suffering from qualifying medical conditions are able to safely gain access to medical cannabis and to ensure that such patients:

(a) Are not subject to criminal prosecution for their use of medical cannabis in accordance with this section, and the rules of the department; and

(b) Are able to establish an affirmative defense to their use of medical cannabis in accordance with this section, and the rules of the department.

(2) To prevent persons who do not suffer from qualifying medical conditions from using this section as a means to sell, acquire, possess, produce, use, or transport cannabis in violation of state and federal laws;

(3) The establishment and maintenance of a confidential registry of patients who have applied for and are entitled to receive a registry identification card;

(4) The development by the department of an application form and making such form available to residents of this state seeking to be listed on the confidential registry of patients who are entitled to receive a registry identification card;

(5) The verification by the department of medical information concerning patients who have applied for a confidential registry card or for renewal of a registry identification card;

(6) The development by the department of a written certification form that shall be used by a physician to certify that a patient has a qualifying medical condition;

(7) The conditions for issuance and renewal, and the form, of the registry identification cards issued to patients, including, but not limited to, standards for ensuring that the department issues a registry identification card to a patient only if such patient has a bona fide physician-patient relationship with a physician in good standing and licensed to practice medicine in the state of Missouri;

(8) Communications with law enforcement officials about registry identification cards that have been suspended when a patient is no longer diagnosed as having a qualifying medical condition;

(9) A waiver process to allow a homebound patient who is on the registry to have a caregiver transport the patient's medical cannabis from a licensed medical cannabis center to the patient; and

(10) To regulate and control the manufacturing of medical cannabis-infused products.

3. The department shall conduct a public review hearing to receive public input on any emergency rules adopted by the department and be provided with an update from the industry, caregivers, patients, and other stakeholders regarding the industry's current status. The department shall provide at least five business days' notice prior to the hearing.

4. Within one hundred eighty days of the effective date of this section, the department shall make available to the public application forms and application instructions for qualifying patient and caregiver identification cards. Within two hundred ten days of the effective date of this section, the department shall begin accepting applications for qualifying patient and caregiver identification cards.

5. A physician who certifies a qualifying medical condition for an applicant to the medical cannabis program shall comply with all of the following requirements:

(1) The physician shall have a valid and active license to practice medicine in this state, which license is in good standing;

(2) After a physician, who has a bona fide physician-patient relationship with the patient, determines that the patient has a qualifying medical condition, the physician shall certify to the department that the patient has a qualifying medical condition after the physician has completed an assessment of the qualifying patient's medical history, reviewed relevant records related to the patient's qualifying medical condition, and conducted a physical examination. The physician shall specify the qualifying medical condition and, if known, the cause or source of the qualifying medical condition;

(3) The physician shall maintain a record-keeping system for all patients for whom the physician has determined have a qualifying medical condition;

(4) A physician shall not:

(a) Accept, solicit, or offer any form of pecuniary remuneration from or to a caregiver, distributor, or any other provider of medical cannabis;

(b) Offer a discount or any other thing of value to a patient who uses or agrees to use a particular caregiver, distributor, or other provider of medical cannabis to procure medical cannabis;

(c) Examine a patient for purposes of diagnosing a qualifying medical condition at a location where medical cannabis is sold or distributed;

(d) Hold an economic interest in an enterprise that provides or distributes medical cannabis if the physician certifies the qualifying medical condition of a patient for participation in the medical cannabis program; or

(e) Issue a certification for the medical use of cannabis for a non-emancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. The department shall not issue a qualifying patient registry identification card on behalf of a non-emancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. Such registry identification card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as caregiver for a non-emancipated qualifying patient under the age of eighteen. Only the qualifying patient's parent or guardian shall purchase or possess medical cannabis for a non-emancipated qualifying patient under the age of eighteen. A parent or guardian shall supervise the administration of medical cannabis to a non-emancipated qualifying patient under the age of eighteen.

(5) If the department has reasonable cause to believe that a physician has violated subdivision (1), (2), or (3) of subsection 4 of this section, or the rules promulgated by the department, the department may refer the matter to the state board of registration for the healing arts.

6. (1) A caregiver shall not delegate to any other person his or her authority to provide medical cannabis to a patient nor may a caregiver engage others to assist in providing medical cannabis to a patient.

(2) A caregiver shall not cultivate cannabis. Only a medical cannabis cultivation and production facility may cultivate cannabis and only for medical use.

(3) A caregiver shall provide to a law enforcement agency, upon inquiry, the registry identification card number of each of his or her patients. The department shall maintain a registry of such information and make it available twenty-four hours per day and seven days a week to law enforcement for verification purposes.

7. A registered patient or caregiver shall not:

(1) Purchase medical cannabis from unauthorized sources; or

(2) Obtain medical cannabis from other registered patients or caregivers.

8. (1) To be considered in compliance with this section and the rules of the department, a patient or caregiver shall have his or her registry identification card in his or her possession at all times that he or she is in possession of any form of medical cannabis and produce the same upon request of a law enforcement officer to demonstrate that the patient or caregiver is not in violation of the law. A person who violates this section or the rules promulgated by the department may be subject to criminal prosecution.

(2) The department shall maintain a registry of such information and make available twenty-four hours a day and seven days a week to law enforcement for verification purposes. Authorized employees of state or local law enforcement agencies shall be granted access to the information contained within the state health agency's confidential registry only for the purpose

of verifying that an individual who has presented a registry identification card to a state or local law enforcement official is lawfully in possession of such card. The department may promulgate rules to implement this subsection.

(3) The department may deny a patient's application for a registry identification card or revoke the card if the department determines that the physician who diagnosed the patient's qualifying medical condition, the patient, or the caregiver violated this section, or the rules promulgated by the department under this section; except that, when a physician's violation is the basis for adverse action, the department may only deny or revoke a patient's application or registry identification card when the physician's violation is related to the issuance of a medical cannabis recommendation.

(4) A registry identification card shall be valid for one year and shall contain a unique identification number. It shall be the responsibility of the patient to apply to renew his or her registry identification card prior to the date on which the card expires. The department shall develop a form for a patient to use in renewing his or her registry identification card.

(5) If the department grants a patient a waiver to allow a caregiver to transport the patient's medical cannabis from a medical cannabis center to the patient, the department shall designate the waiver on the patient's registry identification card.

(6) A homebound patient who receives a waiver from the department to allow a caregiver to transport the patient's medical cannabis to the patient from a medical cannabis center shall provide the caregiver with the patient's registry identification card, which the caregiver shall carry when the caregiver is transporting the medical cannabis. A medical cannabis center may provide the medical cannabis to the caregiver for transport to the patient if the caregiver produces the patient's registry identification card.

9. (1) The State of Missouri and the medical cannabis centers in this State which hold valid medical cannabis center licenses will recognize a nonresident card under the following circumstances:

(a) The state or jurisdiction from which the holder or bearer obtained the nonresident card grants an exemption from criminal prosecution for the medical use of cannabis;

(b) The state or jurisdiction from which the holder or bearer obtained the nonresident card requires, as a prerequisite to the issuance of such a card, that a physician advise the person that the person has a qualifying medical condition recognized by the state of Missouri;

(c) The nonresident card has an expiration date and has not yet expired;

(d) The state or jurisdiction from which the holder or bearer obtained the nonresident card maintains a database which preserves such information as may be necessary to verify the authenticity or validity of the nonresident card;

(e) The state or jurisdiction from which the holder or bearer obtained the nonresident card allows the division and medical cannabis centers in this State to access the database described in paragraph (d);

(f) The division determines that the database described in paragraph (d) is able to provide to medical cannabis centers in this State information that is sufficiently accurate, current and specific as to allow those centers to verify that a person who holds or bears a nonresident card is entitled lawfully to do so; and

(g) The holder or bearer of the nonresident card agrees to abide by, and does abide by, the legal limits on the possession of cannabis for medical purposes in this State, as set forth in 195.900.3(1).

(2) For the purposes of the reciprocity described in this section:

(a) The amount of medical cannabis that the holder or bearer of a nonresident card is entitled to possess in his or her state or jurisdiction of residence is irrelevant; and

(b) Under no circumstances, while in this State, may the holder or bearer of a nonresident card possess cannabis for medical purposes in excess of the limits set forth in 195.900.3(1).

(3) As used in this section, "nonresident card" means a card or other identification that:

(a) Is issued by a state or jurisdiction other than Missouri; and

(b) Is the functional equivalent of a registry identification card or letter of approval, as determined by the division.

10. (1) The use of medical cannabis is allowed under state law to the extent that it is carried out in accordance with sections 195.900 to 195.985 and the rules of the department.

(2) A patient or caregiver shall not:

(a) Engage in the medical use of cannabis in a way that endangers the health and well-being of a person;

(b) Engage in the medical use of cannabis in plain view or in a place open to the general public;

(c) Undertake any task while under the influence of medical cannabis, when doing so would constitute negligence or professional malpractice;

(d) Possess medical cannabis or otherwise engage in the use of medical cannabis in or on the grounds of a school or in a school bus;

(e) Engage in the use of medical cannabis while:

a. In a correctional facility;
b. Subject to a sentence to incarceration; or
c. In a vehicle, aircraft, or motorboat.

(f) Operate, navigate, or be in actual physical control of any vehicle, aircraft, or motorboat while under the influence of medical cannabis; or

(g) Use medical cannabis if the person does not have a qualifying medical condition as diagnosed by the person's physician in the course of a bona fide physician-patient relationship that has been certified to the department.

(3) A person shall not establish a business to permit patients to congregate and smoke medical cannabis.

11. Only licensed medical cannabis cultivation and production facilities may cultivate medical cannabis.

12. If a patient raises an affirmative defense to prosecution under sections 195.900 to 195.985, the patient's physician shall certify the specific amounts in excess of an adequate supply that are necessary to address the patient's qualifying medical condition and why such amounts are necessary. A patient who asserts this affirmative defense shall waive confidentiality privileges related to the condition or conditions. If a patient, caregiver, or physician raises an exception to the state criminal laws, the patient, caregiver, or physician waives the confidentiality of his or her records related to the qualifying medical condition or conditions maintained by the department for the medical cannabis program. Upon request of a law enforcement agency for such records, the department shall only provide records pertaining to the individual raising the exception, and shall redact all other patient, caregiver, or physician identifying information.

13. (1) Except as provided in subdivision (2) of this subsection, the department shall establish a basic fee that shall be paid at the time of service of any subpoena upon the department, plus a fee for meals and a fee for mileage at the rate prescribed for state officers and employees, for each mile actually and necessarily traveled in going to and returning from the place named in the subpoena. If the person named in the subpoena is required to attend the place named in the subpoena for more than one day, there shall be paid, in advance, a sum to be established by the department for each day of attendance to cover the expenses of the person named in the subpoena.

(2) The subpoena fee established under subdivision (1) of the subsection shall not be applicable to any federal, state, or local governmental agency.

14. The department may collect fees from patients who apply to the medical cannabis program for a cannabis registry identification card for the purpose of offsetting the department's direct and indirect costs of administering the program. The amount of such

fees shall be set by rule of the department. The amount of the fees set under this section shall reflect the actual direct and indirect costs of the department in the administration and enforcement of this section. All fees collected by the department through the medical cannabis program shall be transferred to the state treasurer who shall credit the same to the medical cannabis program account within the medical cannabis license cash fund created in section 195.963.

195.982. 1. No individual or health care entity organized under the laws of this state shall be subject to any adverse action by the state or any agency, board, or subdivision thereof, including civil or criminal prosecution, denial of any right or privilege, the imposition of a civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission if such individual or employee or agent of the health care facility, in its normal course of business and within its applicable licenses and regulations, certifies a qualifying medical condition for an applicant to the medical cannabis program under sections 195.900 to 195.985.

2. A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri State Board of Registration for the Healing Arts, or its successor agency, for issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

3. A health care provider shall not be subject to civil or criminal prosecution, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing health care services that involve the medical use of cannabis consistent with this section and legal standards of professional conduct.

4. A testing laboratory shall not be subject to civil or criminal prosecution, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of cannabis consistent with this section and otherwise meeting legal standards of professional conduct.

5. A caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering cannabis for medical use by a qualifying patient under the provisions of sections 195.900 to 195.985.

6. An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for providing legal assistance to prospective or licensed medical cannabis cultivation and productive facilities, medical cannabis centers, medical cannabis testing facilities, qualifying patients, caregivers, physicians, health care providers, or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

7. Actions and conduct by duly registered or licensed qualifying patients, caregivers, medical cannabis cultivation and production facilities, medical cannabis centers, and medical

cannabis testing facilities or their employees or agents, as permitted by this section and in compliance with division and department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

8. Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of cannabis.

9. It is the public policy of the state of Missouri that contracts related to cannabis for medical use that are entered into by qualifying patients, caregivers, medical cannabis cultivation and production facilities, medical cannabis centers, or medical cannabis testing facilities and those who allow property to be used by those entities, shall be enforceable. It is the public policy of the state of Missouri that no contract entered into by qualifying patients, caregivers, medical cannabis cultivation and production facilities, medical cannabis centers, medical cannabis testing facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical cannabis may be prohibited by federal law.

10. Real property used in the cultivation, manufacture, testing, distribution, sale, possession and administration of cannabis for medical use shall not be subject to asset forfeiture solely because of that use.

195.984.1. (1) The division of alcohol and tobacco control may summarily suspend a license issued under sections 195.900 to 195.985 prior to a hearing in order immediately to stop or restrict operations by a licensee to protect the public health, safety, or welfare. The division may rescind or amend a summary suspension.

(2) If, based upon inspection, affidavits, or other evidence, the division determines that a licensee or the products prepared by a licensee pose an immediate or serious threat to the public health, safety, or welfare, the division may summarily suspend a license:

(a) Requiring cessation or restriction of any or all licensee operations and prohibiting the use of medical cannabis produced by such licensee; or

(b) Placing restrictions on a licensee to the extent necessary to avert a continued threat, pending final investigation results.

(3) The requirements of the summary suspension shall remain in effect until the division rescinds or amends such requirements or until such time as the division takes final action on any related pending complaint and issues a final decision.

2. The department of health and senior services may summarily suspend any registration issued under section 195.981, pending further proceedings for denial of renewal or revocation of a registration, whenever the department finds that the continued registration poses an imminent danger to the public health, safety, or welfare.

195.985. 1. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in sections 195.900 to 195.985 shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. Sections 195.900 to 195.985 and chapter 536 are nonseverable, and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after November 6, 2018, shall be invalid and void.

2. If any provision of sections 195.900 to 195.985 or its application to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of sections 195.900 to 195.985 which can be given full effect without the invalid provision or application, and to this end the provisions of sections 195.900 to 195.985 are severable.

263.250. 1. The plant "marijuana", botanically known as cannabis sativa, is hereby declared to be a noxious weed and all owners and occupiers of land shall destroy all such plants growing upon their land. Any person who knowingly allows such plants to grow on his land or refuses to destroy such plants after being notified to do so shall allow any sheriff or such other persons as designated by the county commission to enter upon any land in this state and destroy such plants.

2. Entry to such lands shall not be made, by any sheriff or other designated person to destroy such plants, until fifteen days' notice by certified mail shall be given the owner or occupant to destroy such plants or a search warrant shall be issued on probable cause shown. In all such instances, the county commission shall bear the cost of destruction and notification.

3. The provisions of this section shall not apply to the authorized cultivation and production of cannabis plants for purposes of providing medical cannabis under sections 195.900 to 195.985.

311.610. 1. For the purpose of carrying out the provisions of this chapter [and], the liquor control law, and sections 195.900 to 195.985 the governor, by and with the advice and consent of the senate, shall appoint some suitable person of good moral character over the age of thirty years, who has been a qualified elector in the state of Missouri for at least five years next before the date of his appointment, as supervisor of liquor control. The supervisor of liquor control shall serve at the pleasure and under the supervision and direction of the governor.

2. The supervisor of liquor control shall devote his entire time to the duties of his office and, with the approval of the governor, appoint and employ all agents, assistants, deputies, inspectors and employees necessary for the proper enforcement and administration of the provisions of the liquor control law whose salaries shall be fixed by the governor, but no salary shall be greater than that paid to employees in other state departments for similar work, except that no salary of an agent directly engaged in the enforcement of the liquor control law shall be less than eight thousand dollars a year. In addition to his salary, the supervisor of liquor control and each of the agents, assistants, deputies, inspectors and employees shall be reimbursed for all

expenses necessarily incurred in the discharge of their duties. No expenses shall be allowed for sustenance to any supervisor, agent, assistant, deputy, inspector or employee while in the city or town of his residence.

3. Before entering upon the discharge of his duties, the supervisor of liquor control shall take and subscribe to an oath to support the Constitution of the United States and of this state, and faithfully demean himself in office, and shall also execute bond to the state of Missouri in the penal sum of ten thousand dollars, conditioned for the faithful performance of the duties of his office, which bond shall be approved by the governor and deposited with the secretary of state and kept in his office; the premiums of the bond shall be paid by the state out of funds appropriated for that purpose.

4. The supervisor of liquor control shall issue licenses for the manufacture and sale of ardent spirits, malt, vinous, fermented and every class of liquors used as beverages. The supervisor of liquor control shall keep a record of all intoxicating liquor manufactured, brewed or sold in this state by every brewery, distiller, manufacturer, distributor or wholesaler, and make a complete report of the same to the governor at the end of each calendar year, or as soon thereafter as possible.

311.620. 1. No person shall be appointed as agent, assistant, deputy or inspector under the provisions of the liquor control law <u>or the Missouri Patient Care Act</u> who shall have been convicted of or against whom any indictment may be pending for any offense; nor shall any person be appointed as such agent, assistant, deputy or inspector who is not of good character or who is not a citizen of the United States, and who is not or has not been a resident taxpaying citizen of the state for a period of three years previous to his appointment; or who is not able to read and write the English language or who does not possess ordinary physical strength and who is not able to pass such physical and mental examination as the majority of a board, consisting of the governor, lieutenant governor, attorney general, and the supervisor of liquor control may prescribe.

2. No agent, assistant, deputy or inspector so appointed shall hold any other commission or office, elective or appointive or accept any other employment compensation while he is an employee of the department of liquor control, except with the written permission of the supervisor of liquor control. No agent, assistant, deputy or inspector of the department of liquor control shall accept any reward or gift other than his regular salary and expenses as provided in this chapter. No agent, assistant, deputy or inspector of the department of liquor control shall perform any police duty connected with the conduct of any election, nor at any time or in any manner electioneer for or against any party ticket, or any candidate for nomination or office on any party ticket, nor for or against any proposition of any kind or nature to be voted upon at any election.

3. The agents, assistants, deputies and inspectors appointed under the provisions of section 311.610 shall before entering upon the discharge of their duties, each take and subscribe an oath to support the Constitution and laws of the United States and the State of Missouri and to faithfully demean themselves in office in the form prescribed by Section 11, Article VII of the Constitution of this State, and they shall each give bond to be approved by the supervisor of liquor control for faithful performance of the duties of their respective offices and to safely keep

and account for all moneys and property received by them. This bond shall be in the sum of five thousand dollars, and the cost of furnishing all such bonds shall be paid by the state.

4. Any agent, assistant, deputy or inspector of the department of liquor control who shall violate the provisions of this chapter shall be immediately discharged.

311.630. 1. The supervisor of alcohol and tobacco control and employees to be selected and designated as peace officers by the supervisor of alcohol and tobacco control are hereby declared to be peace officers of the state of Missouri, with full power and authority to make arrests and searches and seizures only for violations of the provisions of this chapter relating to intoxicating liquors, [and] sections 407.924 to 407.934 relating to tobacco products, and sections 195.900 to 195.985 and to serve any process connected with the enforcement of such laws. The peace officers so designated shall have been previously appointed and qualified under the provisions of section 311.620 and shall be required to hold a valid peace officer license pursuant to chapter 590.

2. The supervisor of alcohol and tobacco control shall furnish such peace officers with credentials showing their authority and a special badge, which they shall carry on their person at all times while on duty. The names of the peace officers so designated shall be made a matter of public record in the office of the supervisor of alcohol and tobacco control.

3. All fees for the arrest and transportation of persons arrested and for the service of writs and process shall be the same as provided by law in criminal proceedings and shall be taxed as costs.

311.660. 1. The supervisor of liquor control shall have the authority to suspend or revoke for cause all such licenses; and to make the following regulations, without limiting the generality of provisions empowering the supervisor of liquor control as in this chapter set forth as to the following matters, acts and things:

(1) Fix and determine the nature, form and capacity of all packages used for containing intoxicating liquor of any kind, to be kept or sold under this law;

(2) Prescribe an official seal and label and determine the manner in which such seal or label shall be attached to every package of intoxicating liquor so sold under this law; this includes prescribing different official seals or different labels for the different classes, varieties or brands of intoxicating liquor;

(3) Prescribe all forms, applications and licenses and such other forms as are necessary to carry out the provisions of this chapter, except that when a licensee substantially complies with all requirements for the renewal of a license by the date on which the application for renewal is due, such licensee shall be permitted at least an additional ten days from the date notice is sent that the application is deficient, in which to complete the application;

(4) Prescribe the terms and conditions of the licenses issued and granted under this law;

(5) Prescribe the nature of the proof to be furnished and conditions to be observed in the issuance of duplicate licenses, in lieu of those lost or destroyed;

(6) Establish rules and regulations for the conduct of the business carried on by each specific licensee under the license, and such rules and regulations if not obeyed by every licensee shall be grounds for the revocation or suspension of the license;

(7) The right to examine books, records and papers of each licensee and to hear and determine complaints against any licensee;

(8) To issue subpoenas and all necessary processes and require the production of papers, to administer oaths and to take testimony;

(9) Prescribe all forms of labels to be affixed to all packages containing intoxicating liquor of any kind; and

(10) To make such other rules and regulations as are necessary and feasible for carrying out the provisions of this chapter, as are not inconsistent with this law.

2. The supervisor of liquor control shall have the authority to regulate and control the licensing of the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis in this state; to grant or refuse state licenses for the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis as provided by law; suspend, fine, restrict, or revoke such licenses upon a violation of sections 195.900 to 195.985, or a rule promulgated under sections 195.900 to 195.985; to impose any penalty authorized by sections 195.900 to 195.985, or any rule promulgated under sections 195.900 to 195.985; and to establish, revise, and amend rules and regulations as necessary to carry into effect the provisions of sections 195.900 to 195.985 as set forth in section 195.906.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-271)

Subject

Initiative petition from Lowell Pearson regarding a proposed amendment to Chapters 192, 195, 263, and 311 of the Revised Statutes of Missouri. (Received September 1, 2017)

Date

September 21, 2017

Description

This proposal would amend Chapters 192, 195, 263, and 311 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** the

Missouri Veterans Commission, and the **Missouri Association of Fire Protection Districts.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** (DHSS) indicated increased operating costs to all state funds of $3,126,494 in fiscal year 2019, $6,234,798 for fiscal year 2020, and $6,297,291 for fiscal year 2021. Of these costs, $940,252 are initial and one-time costs in fiscal year 2019 for equipment and a new computer system. These costs will be offset by additional revenues of $0 in fiscal year 2019, $6,444,096 for fiscal year 2020, and $6,444,096 for fiscal year 2021.

This proposal is not an entire duplication, however; Section 192.945, RSMo allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for persons who are issued a registry identification card due to a debilitating medical condition. Under this proposal, patients with intractable epilepsy could also qualify to receive a registration card for medical marijuana use.

Rental space for 89 FTE located in Jefferson City will be needed: 89.00 FTE x 230 sq ft/FTE x $21.00/sq. ft. = $429,870.

The proposed language would legalize the use of marijuana for medicinal purposes. There could be an unknown impact on small businesses that serve as medical cannabis cultivation and production facility, testing facility, or medical cannabis center.

The proposed legislation requires their department to issue annual registrations for qualified patients.

Section 198.981.14 allows their department to collect fees from patients that apply for a cannabis registry identification card through the medical cannabis program, in order to offset the direct and indirect costs of administering the program. The amount of such fee shall be set by their department in rule. The amount of the fees set under this section shall reflect the actual direct and indirect costs of the department in the administration and enforcement. All fees collected by their department shall be transferred to the state treasurer who shall credit the same to the "Medical Cannabis Program Account" within the Medical Cannabis License Cash Fund created in Section 195.963. Appropriations from the account shall be used solely for the administration of Section 195.981.

The provisions of this section shall become effective on December 6, 2018. According to the proposed provisions of this section, their department shall make available to the public all application forms and application instructions within 180 days of the effective date of the section (June 6, 2019). Their department shall accept all applications for patients and caregivers no later than 210 days following the effective date of this section (July 6, 2019). The first fees for qualifying patient identification cards are assumed to be collected beginning July 1, 2019 (FY 2020).

The estimations for the number of identification cards issued each year are detailed under question 12. The total estimate of collected fees for the cards equal $6,444,096 for FY 2020.

Section 195.961 of the proposed language imposes a tax of two percent on the retail price of cannabis for medical use sold at medical cannabis centers within the state which all sellers of medical cannabis are required to remit to the Director of Revenue (DOR). The amount of tax that will be collected is unknown and they defer to the Department of Revenue for these estimations. DOR may retain up to five percent of the annual retail taxes collected to cover collection cost. DOR is to then divide the remainder of the annual retail tax and deposited equally among each of the following funds: Missouri Veterans' Health and Care Fund, the Missouri Public Safety Fund, the Missouri Drug Treatment Fund, and Early Childhood Development Education and Care Fund. They are not able to determine what duties the department would have to utilize the funding established in Section 195.961.

Section 195.963.1 establishes in the state treasury the Medical Cannabis License Cash Fund which shall consist of all monies collected by the Division of Alcohol and Tobacco Control within the Department of Public Safety for licensing of facilities as prescribed in Sections 195.800 to 195.985.

Section 195.981.13(1) requires their department to establish a basic fee to charge in affirmative defense cases when the department is served with a subpoena for information contained in the medical cannabis database for the defendant in the case. Their department is also to charge for actual mileage and meals related to the case along with employee time spent at the place named in subpoena. They are not certain of the number of subpoenas that would be issued, therefore the cost and revenue for this subsection is unknown.

Division of Community and Public Health (DCPH)

Section 195.957 designates their department as the state agency responsible for regulating and controlling the manufacturing of medical cannabis-infused products. Only a licensed medical cannabis cultivation and production facility is permitted to produce medical cannabis-infused products. Cannabis shall be tested for the cannabinoid profile and for contaminants as specified by their department. All testing shall be done by an independent laboratory that is accredited to International Organization for Standardization 17025 or certified, registered, or accredited by an organization approved by their department and shall arrange for testing to be conducted in accordance with the frequency required by their department. Section 195.981.2(10) grants their department the authority to establish, revise and amend rules regarding the regulation and control of medical cannabis-infused products.

Section 195.981.2 permits their department to issue any rules necessary to: ensure that patients with qualifying medical conditions are able to safely gain access to medical cannabis; prevent persons who do not suffer from qualifying medical conditions from selling, acquiring, possessing, producing, using or transporting cannabis; establish and maintain a confidential registry of patients who have applied for and are entitled to receive a registry identification card; development of an application form for residents seeking a registry identification card; verifying medical information concerning patients who have applied for a registration card or for the renewal of a registry identification card; developing a written certification form that shall be used by a physician to certify that a patient has a qualifying medical condition; designate the conditions for issuance and renewal, and the form, of the registry identification card issued to patients, including assurance that the department only issues or renews a registration card to a patient if the patient has a bona fide physician-patient relationship with a physician in good standing and licensed to practice medicine in Missouri; providing communications with law enforcement officials about registration cards that have been suspended when a patient is no longer diagnosed as having a qualifying medical condition; providing a waiver process to allow homebound patients that qualify for a registration card to have a caregiver transport the patient's medical cannabis from a licensed medical cannabis center to the patient; to regulate and control the manufacturing of medical cannabis infused products.

Section 195.981.3 requires their department to conduct a public review hearing to receive public input on any emergency rules adopted by the department and be provided with an update from the industry, caregivers, patients and other stakeholders regarding the current status of the industry. Their department is required to provide at least five business days' notice prior to the hearing.

Section 195.981.4 requires their department to make application forms and application instructions available for qualifying patient and caregiver identification cards within 180 days of the effective date of this section. Within 210 days of the effective date of this section, they shall begin accepting applications for the identification cards.

Section 195.981.5 requires their department to ensure that a physician who certifies a qualifying medical condition for an applicant to the medical cannabis program shall comply with certain requirements.

Sections 195.981.6(3) and 195.981.8(2) require that their department maintains a registry with qualifying patient information and make the registry information available 24 hours per day and seven days a week to law enforcement for verification purposes.

Section 195.981.13(1) requires their department to establish a basic fee to charge in an affirmative defense cases when the department is served with a subpoena for information contained in the medical cannabis database for the defendant in the case. Their department is also to charge for actual mileage and meals related to the case along with employee time spent at the place named in subpoena. They are not certain of the number of subpoenas that would be issued, therefore the cost and revenue for this subsection is unknown.

Division of Administration

Section 195.981.14 allows their department to collect fees from patients who apply to the medical cannabis program for the purpose of offsetting the department's direct and indirect costs of administering the program.

Information Technology Services Division (ITSD)

Support of an IT vendor to build a data system to support the administration and reporting requirements indicated in Section 195.981. The system would be used by the department to process applications to include issuance identification cards, verification of current identification cards, and tracking lost or stolen cards.

Division of Community and Public Health (DCPH)

Applications for Patient and Caregiver Identification

Section 195.981 requires their department to issue registration cards for qualified patients. A study by the nonprofit entity ProCon organization, updated March 2016, published the rates of patient registration cards issued for each state with a medical marijuana program (http://medicalmarijuana.procon.org/view.resource.php?resourceID=005889). This study found that Oregon was issuing qualified patient cards at a ratio of 19.2 per 1,000 state residents. For purposes of this fiscal note, the State of Oregon's program will be benchmarked in regard to the number of registrants. While the Oregon program was initiated in May 1999 and therefore has an established program, the state of Missouri's chronic disease rates are generally higher and the qualifying medical conditions accepted under Missouri's proposal are broader than those of Oregon.

Calculation of applications:

- Patients: According to the 2015 U.S. Census Bureau information, Missouri's population is at 6,083,672. Applying the rate of 19.2 applications per 1,000 residents, Missouri would estimate issuing 116,807 patient registration cards annually ((6,083,672/1,000) x 19.2)).

- Caregivers: According to the October 1, 2016 data on Oregon's Medical Marijuana Program Website, the ratio of patient registration cards to caregiver cards is calculated at 2.29. Calculating this same ratio, Missouri would estimate issuing 51,007 caregiver cards annually (116,807/2.29).

The proposed effective date of the medical cannabis program is December 6, 2018. Their department is required to have the applications for the qualifying patient and caregiver identification cards available within 180 days of the effective date (June 6, 2019). Section 195.981.4 requires their department to begin accepting applications for the qualifying patient and caregiver cards no later than 210 days from the effective date (July 6, 2019). For purposes of this fiscal note analysis, it is assumed that DHSS will begin accepting applications July 1, 2019 (FY 2020). They assume that it will collect an application fee of $32 per card for initial application and renewal. It is assumed that the fees will be collected in the same fiscal year the applications are received. It is also assumed that ten percent of the initial applicants will submit a renewal application within the same fiscal year and the remaining applicants will submit a renewal application the following year. Initial applicants in FY 2021 are estimated to be ten percent of the total initial applications in FY 2020. It is also assumed that ten percent of the initial applicants in FY 2020 will not renew in FY 2021. In subsequent years, lost or stolen cards will be ten percent of the renewal applications. It is assumed that the fee to replace a card will be the same as the initial issuance and renewal fee.

	FY 2019	FY 2020	FY 2021
Qualifying Patient Initial Applications	0	116,807	11,681
Qualifying Patient Renewal Applications	0	11,681	116,807
Caregiver Initial Applications	0	51,007	5,101
Caregiver Renewal Applications	0	5,101	51,007
Lost/Stolen Patient & Caregiver Replacement Cards	0	16,782	16,782
Total Patient & Caregiver Identification Cards	0	201,378	201,378
Total Patient & Caregiver Application Fees	$0	$6,444,096	$6,444,096

Program Operations: Staffing

Section 195.981 requires the establishment of a medical cannabis program through promulgation of rules and implementation of those rules for administration of patient and caregiver identification cards, and the regulation of manufacturing of medical cannabis-infused products. This includes the development of all program applications and forms, identification cards, and a computerized database system to allow for the electronic storage of and processing of data needed to issue and verify identification cards. As a result, DCPH anticipates the need to hire the following staff beginning on December 1, 2018 (FY 2019) to begin development of the program/system:

One Program Manager Broad Band 2 ($65,000) – will serve as Chief of the Medical Cannabis Program. Duties will include overall program management, including involvement in rule promulgation, development of forms, program policies and procedures, information system development, and initial program set-up. This position

will also supervise a Program Coordinator, one Investigator III, a Health Program Representative III, an Environmental Specialist V, and a Bureau Administrative Office Support Assistant.

One Program Coordinator (A30, $50,112, Step H) – will serve as a Unit Coordinator over Patient Registrations. This unit will be responsible for processing patient and caregiver applications. This position will be involved in the initial program development with the Bureau Chief, hiring of staff, and development of training for staff. Once the program is operational, responsibilities extend to implementation and maintenance of the program, responsibility for meeting application decision deadlines, and ongoing management responsibilities.

One Health Program Representative III (A24, $39,708, Step G) – duties will include assistance in rule promulgation, program policies and procedures, forms development, information system development/troubleshooting and maintenance, and initial program set-up. This position will serve as the liaison between the Program and IT to work on system maintenance, enhancements, and running reports used to inform the Division of Alcohol and Tobacco Control regarding the location of registrants for statewide access. This position will also be responsible for establishing materials to educate the public about the program and exhibiting at conferences or other venues to educate physicians and the general public.

One Administrative Office Support Assistant (A15, $28,668, Step F) – duties will include providing administrative assistance to the Bureau Chief, Program Coordinator, Investigator, Inspectors, and HPR III positions. As allowed, this position will also assist in initial processing of patient and caregiver applications for registration cards.

The following staff will be hired to begin March 1, 2019. This hire date will allow for training and final program preparation to occur prior to the required release dates for the application forms for patients and caregivers, patient or caregiver cultivators, certifications, and facility licenses:

One Investigator III positions (A25, $41,184, Step G) – this position will investigate all instances/complaints of possible fraud or negligence on the behalf of a recommending physician, and a registered patient and/or caregiver. This position would also investigate the circumstances under which a licensed facility confiscated a potentially fraudulent identification card. With a new program of this size and the legalization of something that remains illegal for the majority of the population, it is anticipated that DHSS will receive a fair number of calls reporting instances of possible violations. While one position is estimated for purposes of this fiscal note, it may be necessary to add additional staff after the program is operational for some time. The additional costs remain unknown.

One Grain Inspector IV position (A23, $38,304, Step G) – this position will complete the onsite inspections of the medical cannabis cultivation and production facilities to monitor compliance with the specific requirements outlined in the proposed amendment and rules

that need to be met for initial and continued regulation of medical cannabis-infused products. This specialty position was chosen because a technical piece of the regulation and control involves analyzing the testing of plants for molds, mildew, and pesticides and making sure the facilities are dealing with these issues in a proper way.

Two Environmental Public Health Specialist IV positions (A27, $44,352, Step G) – these positions will complete the onsite inspections of the medical cannabis cultivation and production facilities to monitor compliance with the specific requirements outlined in the proposed amendment and rules that need to be met for initial and continued regulation of medical cannabis-infused products. This specialty position was chosen because a technical piece involves ensuring sanitation requirements are met and the infused-products are labeled and packaged correctly.

One Environmental Public Health Specialist V position (A28, $46,056, Step G) – this position coordinates and supervises the work of the EPHS IV positions and the Grain Inspector IV position; ensuring inspections are completed consistently and timely. This position also provides technical assistance to the environmental specialists and grain inspector, and makes final action decisions/recommendations for problem inspections.

49 Senior Office Support Assistant (SOSA) positions (A12, $26,340, Step F) – duties will include processing of paper applications to include opening and date stamping of mail, entry of application information into the electronic registry, initial verification of applicant and physician identification, initial application review to include determination of application approval or denial (including incomplete status), preparation of patient and caregiver identification cards, processing revoked cards, processing requests for lost and stolen cards, and answering of phones and assisting telephone callers.

24 Health Program Representative II (HPR II) positions (A21, $35,640, Step G) – duties will include supervision of the SOSA positions and quality assurance checks of the application entry and initial verification completed by the SOSAs. These positions will have responsibility for final approval of application incomplete notices, rejects, revocations, and card issuances.

For fiscal note purposes they calculated 45 minutes to process each application.
201,378 patient and caregiver apps X .75/hour / 2,080 hours per year per staff = 72.6 staff (round to 73 staff). This is a total of 73 processing staff (49 SOSA and 24 HPR II positions).

Printing Costs
They will print identification cards for the qualified patient and caregiver. The cards are encoded with a magnetic stripe for security and linkage to the IT system for dispensing purposes. The card delivery system will have the ability to print the card with the magnetic stripe, attach the card to a personalized letter, and secure in an envelope ready for mailing. The initial cost of the card delivery system is estimated at $277,000. In addition there will be an annual equipment preventative maintenance fee of $34,000. The

average supply cost to print each card is $0.59/card ($0.59 X 201,378 cards = $118,813 annually).

They will print 100,000 brochures each year the program is operational at a cost of $0.06 per brochure. This brochure will provide the public with information about the medical cannabis program and assistance in completing a valid registration. ($0.06 per brochure X 100,000 brochures= $6,000 annually).

Mailing Costs

Each qualifying patient and caregiver will receive his/her card in the mail. It is estimated that 10 percent of the registered patients and caregivers, will submit a change request to their application requiring a change notification receipt by mailing. It is projected that five percent of all applications will be incomplete and requires mailing of an incomplete notice. It is also projected that 25 percent of the printed brochures (25,000) along with paper applications will be mailed to the public upon request. The other printed brochures will be available for distribution at conferences and other public venues.

Projected mailings are as follows:

	FY 2019	FY 2020	FY 2021
Total Patient and Caregiver ID Cards	0	201,378	201,378
Change Request Notifications	0	20,138	20,138
Incomplete Notifications	0	10,069	10,069
Brochures/app mailed	25,000	25,000	25,000
Total mailings	**25,000**	**256,585**	**256,585**

FY 2019

- 25,000 envelopes ($41 per 1,000) = 25 X $41 = $1,025
- Postage (25,000 x $0.39/postage rate) = $9,750

FY 2020

- 256,585 envelopes ($41 per 1,000) = 257 X $41 = $10,537
- Postage (256,585 x $0.39/postage rate) = $100,068

FY 2021

- 256,585 envelopes ($41 per 1,000) = 257 X $41 = $10,537
- Postage (256,585 x $0.39/postage rate) = $100,068

Division of Administration

DHSS-DA assumes one Accounting Clerk (start date June 1, 2019) can process 30,000 receipt transactions per year. An Accounting Generalist I/II (start date March 1, 2019) would be needed to supervise for every five Account Clerks.

Accounting Clerk (A12, $26,340, Step F) - duties would include open and sort mail, process and enter receipts in the department computer system, prepare bank deposits and cash receipts documents, reconcile daily receipts and distribute supporting documentation program.

Accounting Generalist I/II (A25, $41,184, Step G) - duties would include supervise and review the work of Accounting Clerks who are processing the fees.

Each application and license would have a fee transaction.

Transaction	**FY 2020**
Qualifying Patient Initial Applications	116,807
Qualifying Patient Renewal Applications	11,681
Caregiver Initial Applications	51,007
Caregiver Renewal Applications	5,101
Lost/Stolen Patient & Caregiver Replacement Cards	16,782
Total Number of Transactions	**201,378**
Accounting Clerk	6.00 FTE
Accounting Generalist I/II	1.00 FTE

Information Technology Services Division (ITSD)

Application Storage Costs

In order to manage the final storage of paper applications submitted, Content Manager for electronic scanning and storage will be utilized. The costs for Content Manager are estimated at $132 per month for the state data server costs, $234 for an annual license for each user who needs to view files and $828 for an annual license for each position with ability to scan/import documents. Content Manager services will not be acquired until FY 2020.

Information Systems Development

Estimating a 12 month project duration with a project team consisting of 4 IT Consultants. Applications will be received as paper submissions to the department. System will print identification cards for physical delivery to the applicant. The system will be hosted in the State Data Center (SDC) on existing virtual servers. Disk space has been estimated at 50 GB for Development and Test with 150 GB estimated for Production. While we have estimated for a system build it is possible COTS solutions are available at a similar cost.

Fiscal Note	18-271		ITSD - DHSS		
Bill Number	Initiative Petition				
Will a new system be required?		X Yes			No
Indicate fiscal year when fully implemented			FY 2020		
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2019**	**FY 2020**	**FY 2021**
		General Revenue	0	0	0
		Federal Funds	0	0	0
		Other	309,616.67	309,634.50	309,653.50
		Total	**309,634.50**	**309,634.50**	**309,653.50**
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)					
			FY 2019	FY 2020	FY 2021
New	Rate	Hours	$	$	$
IT Consultants	75	8,237.16	308,893.50	308,893.50	308,893.50
Other Costs:					
Disk Storage (SAN)	45.36	12	544.32	558.00	572.00
Backup and Recovery (DistSys Backup-Recovery)	0.49	365	178.85	183.00	188.00
Section Total Other Costs:			723.17	741.00	760.00
Section Total Expenditures:			309,616.67	309,634.50	309,653.50
Section Funding:		General Revenue	0	0	0
		Federal Funds	0	0	0
		Other	309,616.67	309,634.50	309,653.50
		Total	**309,616.67**	**309,634.50**	**309,653.50**

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated:

Increased costs of $11,229 in FY19, $35,262 in FY20, and $67,160 in FY25 and thereafter.

Results of studies at this time show conflicting results on the criminal impacts of current medical marijuana laws. However, with the increased licensing and regulation there are also increased possibilities of secondary crimes through false physician recommendations, non-compliance in registration, illegal possession, vehicular infractions or injury, and theft. While many of these violations may carry only municipal or licensing level penalties, some would ultimately fall under felony charges.

Current laws provide for class C felony penalties for possession (Section 579.015) and class B felony for distribution and production of controlled substances (Section 579.055). Considering additional increases in related violations, proposed changes in this bill are expected to result in two new prison admissions and three new field admissions in the first year of enactment (FY19). The maximum impact should be expected by FY 25 and will lead to an additional three offenders in prison and eighteen offenders in the field.

In addition, this proposal would be impactful to their department in that they currently test their staff for marijuana use and discipline accordingly. If their staff were to live in a household, or visit another person, who is legally using medical marijuana they would then be exposed to second-hand smoke and would likely test positive themselves. There would be no way for them to determine which of their staff are innocently exposed from those who are abusing this substance illegally.

One would think that legalizing medical marijuana would reduce costs as fewer people would be sentenced to probation/parole/prison. But in fact, a few secondary crimes would go up, described on the estimate cover page. Also, our prisons aren't currently full of people who just committed medical marijuana crimes. That's why it's just a few people and a small cost for the overall impact.

Officials from the **Department of Revenue** indicated this petition will have a fiscal impact on their department. Increased operating costs to all state funds would total $242,855 for fiscal year 2019, $124,921 for fiscal year 2020, and $126,460 for fiscal year 2021. Of these costs, $165,106 are initial and one-time costs in fiscal year 2019 for equipment and a new computer system.

This legislation will have an economic impact on small business to the extent the business is in the growing and distribution chain of medical marijuana through remittance of additional taxes and new job creation.

Fiscal Note	IP 18-271		ITSD - DOR		
Bill Number	IP 18-271				
Will a new system be required?		X Yes		No	
Indicate fiscal year when fully implemented			FY 2018		

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	**FY 2019**	**FY 2020**	**FY 2021**
General Revenue	150,012	30,752	31,521
Other	-	-	-
Federal Funds	-	-	-
Total	150,012	30,752	31,521

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) amend Chapters 192, 195, 263, and 311

New Tax System	Rate	Hours	FY 2019 $	FY 2020 $	FY 2021 $
IT Consultants	75	2,000.16	150,012	30,752	31,521
Section Total Expenditures:			150,012	30,752	31,521
Section Funding:	General Revenue		150,012	30,752	31,521
	Federal		-	-	-
	Other		-	-	-
	Total		150,012	30,752	31,521

This legislation increases Total State Revenue by an unknown amount from the sales tax collected on the sale of medical marijuana.

Section 195.961

The petition levies a two percent tax on the retail sale of medical cannabis sold at medical cannabis centers. Their department may retain up to five percent for the cost of collection. The petition creates the Missouri Veterans' Health and Care Fund (MVHCF), the Missouri Public Safety Fund (MPSF), and the Missouri Drug Treatment Fund (MDTF). After retention of five percent, their department deposits one-half percent into the MVHCF, one-half percent into the MPSF, one-half percent into the MDTF, and one-half percent into the Early Childhood Development Education and Care Fund. The Commissioner of Administration may make cash operating transfers to the fund to meet cash requirements in advance of receiving revenues. The provisions of sections 144.010 to 144.527 apply to the tax levied by this section.

Administrative Impact:

Collections & Tax Assistance:
This section will see additional registrations, registration phone calls, business tax account update requests, and delinquent phone contacts from the additional businesses registering to collect sales tax on medical marijuana. Collections and Tax Assistance requires two (2) Revenue Processing Technicians I (Range 10, Step L) per 24,000 additional contacts to the registration section and 15,000 contacts annually on the delinquent tax line. Each technician requires CARES equipment. Collections & Tax Assistance also requires registration updates to capture the sellers and the item tax associated with them.

Business Tax Processing:
Although the legislation bases the two percent tax on the retail selling price, it is separate from sales and use tax. This tax needs to be reported and deposited separately from sales and use tax. This would require new reporting forms and a new program to track and distribute receipts.

ITSD-DOR:

ITSD - DOR				TOTAL HOURS:	2,000		
Bill Number	IP 18-271	FN #	IP 18-271				
Bill Section(s)	amend Chapters 192, 195, 263, and 311						
Application Name:	New Tax System				**FY 2019**	**FY 2020**	**FY 2021**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	192	14,400	-	-
Analysis			75	96	7,200	-	-
Design			75	96	7,200	-	-
Development			75	1,236	92,700	-	-
Test			75	192	14,400	-	-
Implementation			75	40	3,000	-	-
Project Management			75	148.16	11,112	-	-
On-going support		Yes	75		-	30,752.000	31,521.000
Section Total IT Consultants:			75	2,000.16	150,012	30,752	31,521
Section Total Expenditures:					150,012	30,752	31,521
General Revenue					150,012	30,752	31,521
Federal					-	-	-
Other							
Section Funding:					150,012	30,752	31,521

The sales at retail of medical cannabis would be subject to existing state and local sales tax as sales of tangible personal property. Neither the current Sales Tax Law, nor the initiative petition, provides an exemption or exclusion from tax for such sales.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition. They have forwarded this to MSHP, MVC, and ATC for their comment.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** indicated unknown impact for their criminal records division.

They also indicated unknown economic impact on small businesses.

The proposed legislation would create the Missouri Patient Care Act.

At the time of filing an application for issuance or renewal of a state medical cannabis center license, a medical cannabis cultivation and production facility license, or a medical cannabis testing facility license, an applicant shall submit a set of his or her fingerprints to the Missouri State Highway Patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. Additionally, they assume that any owner, officer, manager, or employee at any one of these facilities shall pass a state and federal fingerprint-based criminal background check prior to being associated with, managing, owning, or working at the operation.

Currently, the Missouri State Highway Patrol Criminal Justice Information Services (CJIS) Division processes all state and federal fingerprint background checks. CJIS does not know how many individuals this petition will affect, however, the fees assessed for these background checks are as follows:

State fee: $20.00
FBI fee: $12
Applicant fingerprinting vendor fee: $8.30
Total fee per applicant: $40.30

Of these amounts, the state retains the $20 state fee and $2 of the federal charge of $12 for a pass thru fee. The $8.30 charge is paid directly to the vendor at the time of application.

They submitted these additional comments:

To ensure compliance with Public Law 92-544, it is suggested to add the following wording to 195.906.2(h):

<u>An applicant shall submit a set of his or her fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint based criminal record check. Fingerprints shall be submitted in accordance with section 43.543, and fees shall be paid in accordance with section 43.530.</u>

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed under sections 195.900 to 195.985, including a fingerprint based criminal record check as may be required by the division prior to issuing a card<u>; an applicant shall submit a set of his or her fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal</u>

fingerprint based criminal record check. Fingerprints shall be submitted in accordance with section 43.543, and fees shall be paid in accordance with section 43.530.

Officials from the **Department of Public Safety - Missouri Division of Alcohol and Tobacco Control** indicated increased operating costs to all state funds of $5,404,449 for fiscal year 2019, $3,782,561 for fiscal year 2020, and $3,833,045 for fiscal year 2021. Of these costs, $1,521,944 are initial and one-time costs in fiscal year 2019 for project management, equipment, and consultant/background checks. These costs would be offset by additional revenues of $0 in fiscal year 2019, $12,573,800 for fiscal year 2020, and $10,186,900 for fiscal year 2021. Cities and counties license fee and user fee revenue would increase by $731,380 in fiscal year 2020, $327,190 in fiscal year 2021, and $327,190 in fiscal year 2022.

This proposal will affect the following:

Department of Health and Senior Services
OA – ITSD calculated separately by ITSD.
Local Cities and Counties

Costs for ITSD are not included in this budget and will have to be calculated by ITSD. Costs related to facilities management for new facilities are not included in this budget and will have to be calculated separately.

ATC would need to remodel its current office location or move to a bigger facility in order to facilitate 48 additional staff.

The Division of Alcohol and Tobacco Control has determined that the proposed legislation should not impose a direct or significant economic burden upon a small business or directly restrict the formation, operation or expansion of a small business in Missouri.

ITSD response

Fiscal Note	IP 18-271			ITSD - DPS	
Bill Number					
Will a new system be required?		X	Yes		No
Indicate fiscal year when fully implemented				FY 2019	

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2019	FY 2020	FY 2021
General Revenue	-	-	-
Other	350,325	71,817	73,612
Federal Funds	-	-	-
Total	350,325	71,817	73,612

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 195.900.27

New	Rate	Hours	FY 2019 $	FY 2020 $	FY 2021 $
IT Consultants	75	4,671.00	350,325	71,817	73,612
Section Total Expenditures:			350,325	71,817	73,612
Section Funding:	General Revenue		-	-	-
	Federal		-	-	-
	Other		350,325	71,817	73,612
	Total		350,325	71,817	73,612

Revenue will be generated from licensing establishments for the cultivation, production and sales of cannabis. Revenue will additionally be generated from user fees. The revenue generated will be deposited into the Medical Cannabis License Cash Fund created in 195.963.1 to use for the administration and enforcement of the Sections 195.900 to 195.985.

Section 195.918.1(1) – ATC may limit the number of licensed medical cannabis cultivation and production facilities, but must be no less than one facility per 100,000 inhabitants. ATC will license a minimum of 60 cultivation and production facilities (6,000,000 inhabitants / 100,000 = 60). At least one cannabis center license shall be issued to each cultivation and production facility license.

Section 195.918.1(2) - ATC may limit the number of licensed medical cannabis centers, but must be no less than one center per 100,000 inhabitants. ATC will license a minimum of 60 cannabis centers (6,000,000 inhabitants / 100,000 = 60). A medical cannabis cultivation and production facility may be approved for up to two additional cannabis center licenses if more cannabis centers are needed for sufficient access to patients.

Section 195.963.2(1) – Requires applicants to submit a non-refundable $12,500 application fee when filing for a license, 60 cultivation and production facilities and 60 cannabis centers with the possibility of an additional 120 cannabis centers or 240 x $12,500 = $3,000,000. It also requires a $12,500 annual license fee for the medical cannabis cultivation and production facility license and the medical cannabis center license, 240 x $12,500 = $3,000,000.

ATC believes that there will be approximately 100 license applications submitted above the amount that will be finally approved for licenses. Nevada which has less than half the population of Missouri currently has 176 applications for the medical marijuana center license for only 77 allowable centers. Since the fee is nonrefundable, this will generate another $1,250,000. This amount will probably only occur in the first year as once the licenses are allocated, there will be few applications submitted.

Section 195.963.2(2) also requires ATC to establish all other processing fees needed. Below are examples of license fees and processes that would require a fee. ATC is estimating fees for licenses, renewals and each change based on what Colorado is currently charging for these types of transactions. Colorado is similar in population to Missouri.

Fee Revenue – FY'20			
Type of Fee	**Fee**	**Est. Number**	**Annual Revenue**
Initial License Fees (1 Year)			
Medical Cannabis Center License	$12,500	180	$2,250,000
Medical Cannabis Cultivation and Production Facility License	$12,500	60	$750,000
Medical Cannabis Testing Facility Registration	$2,200	17	$37,400
Renewal License Fees			
Medical Cannabis Center License	$12,500		N/A
Medical Cannabis Cultivation and Production Facility License	$12,500		N/A
Medical Cannabis Testing Facility Registration	$2,200		N/A
Occupational License Fees (1 Year)			
Occupational Licenses – Key Occupational Employee (Manager or Owner)	$300	1,200	$360,000
Occupational Licenses – Support Occupational Employee	$150	6,000	$900,000
Occupational License Fees Renewals			
Occupational Licenses – Key Occupational Employee (Manager or Owner)	$150		N/A
Occupational Licenses – Support Occupational Employee	$75		N/A
License Change Fees			
Reallocation of Ownership	$1,000	10	$10,000
Change of Corporation or LLC Structure	$800 per person	10	$1,800
Modification of Licensed Premises	$120	20	$2,400
Duplicate Business License	$40	5	$200
Duplicate Occupational License	$10	50	$500
Indirect Financial Interest Background Investigations	$150	10	$1,500
Subpoena Fee	$200	0	0
Applications to change location	$500	0	0
Transfers of Ownership – New Owner	$2,000	5	$10,000

Fee Revenue – FY'21			
Type of Change	**Fee**	**Est. Number**	**Annual Revenue**
Initial License Fees (1 Year)			
Medical Cannabis Center License	$12,500	5	$62,500
Medical Cannabis Cultivation and Production Facility License	$12,500	5	$62,500
Medical Cannabis Testing Facility Registration	$2,200	3	$6,600
Renewal License Fees			
Medical Cannabis Center License	$12,500	175	$2,187,500
Medical Cannabis Cultivation and Production Facility License	$12,500	55	$687,500
Medical Cannabis Testing Facility Registration	$2,200	14	$30,800
Occupational License Fees (1 Year)			
Occupational Licenses – Key Occupational Employee (Manager or Owner)	$300	400	$120,000
Occupational Licenses – Support Occupational Employee	$150	2,000	$300,000
Occupational License Fees Renewals			
Occupational Licenses – Key Occupational Employee (Manager or Owner)	$150	800	$120,000
Occupational Licenses – Support Occupational Employee	$75	4,000	$300,000
License Change Fees			
Reallocation of Ownership	$1,000	20	$20,000
Change of Corporation or LLC Structure	$800 per person	20	$16,000
Modification of Licensed Premises	$120	15	$1,800
Duplicate Business License	$40	5	$200
Duplicate Occupational License	$10	50	$500
Indirect Financial Interest Background Investigations	$150	10	$1,500
Subpoena Fee	$200	10	$2,000
Applications to change location	$500	2	$1,000
Transfers of Ownership – New Owner	$2,000	2	$4,000

Fee Revenue – FY'22 and Ongoing (3rd year of operation)			
Type of Change	**Fee**	**Est. Number**	**Annual Revenue**
Initial License Fees (1 Year)			
Medical Cannabis Center License	$12,500	5	$62,500
Medical Cannabis Cultivation and Production Facility License	$12,500	5	$62,500
Medical Cannabis Testing Facility Registration	$2,200	3	$6,600
Renewal License Fees			
Medical Cannabis Center License	$3,300	175	$2,187,500
Medical Cannabis Cultivation and Production Facility License	$8,300	55	$687,500
Medical Cannabis Testing Facility Registration	$2,200	14	$30,800
Occupational License Fees (1 Year)			
Occupational Licenses – Key Occupational Employee (Manager or Owner)	$300	400	$120,000
Occupational Licenses – Support Occupational Employee	$150	2,000	$300,000
Occupational License Fees Renewals			
Occupational Licenses – Key Occupational Employee (Manager or Owner)	$150	800	$120,000
Occupational Licenses – Support Occupational Employee	$75	4,000	$300,000
License Change Fees			
Reallocation of Ownership	$1,000	20	$20,000
Change of Corporation or LLC Structure	$800 per person	20	$16,000
Modification of Licensed Premises	$120	15	$1,800
Duplicate Business License	$40	5	$200
Duplicate Occupational License	$10	50	$500
Indirect Financial Interest Background Investigations	$150	10	$1,500
Subpoena Fee	$200	10	$2,000
Applications to change location	$500	2	$1,000
Transfers of Ownership – New Owner	$2,000	2	$4,000

Section 195.966.1 directs all fees and fines provided for by this act (other than as collected by DHSS for patient and caregiver registry or collected by ATC for the Department of Revenue) shall be paid to the Division and credited to the medical cannabis license cash fund. ATC does not believe the first year will result in fines as the

licensing process could take 6 months to a year before an applicant becomes licensed. It is estimated that in FY'21 and ongoing fines could be between $25,000 - $500,000 annually.

Revenue	FY'20	FY'21	FY'22
License Application Fees	$4,250,000	$162,500	$162,500
License Fees (1 year license)	$4,297,400	$3,877,400	$3,877,400
License Change Fees	$26,400	$47,000	$47,000
Fines	0	$100,000	$200,000
Total Revenue	$8,573,800	$4,186,900	$4,286,900

Colorado Medical Marijuana Sales Tax Receipts

Fiscal Year	Receipts
10-11	$4,367
11-12	$5,982,950
12-13	$9,112,237
13-14	$10,562,577

Colorado receipts include a 2.9% sales tax rate on medical marijuana. ATC estimates that sales tax receipts in Missouri for the first year will be minimal because of the time it takes to implement this act. However, ATC estimates that Missouri revenue from sales tax collections on medical marijuana could be slightly lower as the Missouri sales tax rate (2%) is almost one percent lower what Colorado is assessing.

Section 195.005 Gives the department of Health and Senior Services the duties and powers set forth in sections 195.900 to 195.985.

Sections 195.018 Products used as authorized by sections 195.900 to 195.985 are exempt from the provisions of section 195.017.

Section 195.900.1 & 2 Creates the Missouri Patient Care Act that allows marijuana to be used for medicinal purposes under sections 195.900 to 195.985, and also specifies that it is illegal to cultivate, manufacture, or sell medical cannabis except in compliance with the medical cannabis laws as provided.

Section 195.900.3 Defines the following terms:

(1) Adequate supply means 2.5 ounces during a 14 day period derived solely from an in state source. It provides for a waiver to department of health and senior services to allow for additional amounts under certain situations. Qualifying patients cannot possess more than a sixty day supply.
(2) Administer is the ways that marijuana and marijuana products can be applied to the qualifying patient.

(3) Cannabis is defined, but specifically excludes the stalks of such plant, fiber from the stalks, or cake made from the seeds.
(4) Cannabis plant monitoring system is an electronic seed-to-sale tracking system that tracks the life cycle of the medical cannabis plant from growth to packaging and sale to a qualifying patient.
(5) Cannabis products are products infused with cannabis or cannabis extract intended for use or consumption.
(6) Caregiver is a person, over 21 years of age that has significant responsibility for helping the patient. Not the patient or the patient's physician.
(7) Department means the department of health and senior services (DHSS).
(8) Division means the division of alcohol and tobacco control (ATC).
(9) Entity is a natural person, corporation, unincorporated association, business trust, limited liability company or partnership, general or limited partnership, joint venture, or any other entity.
(10) Good Cause defines the situations that can result in the refusing or denying of a medical cannabis license, license renewal, or reinstatement of license.
    (a) Applicant or licensee has violated, does not meet, or has failed to comply with any of the terms of the act or rules.
    (b) Applicant or licensee has violated or fails to comply with special terms or conditions.
    (c) The licensed premises have been operated in a manner that adversely affects public health.
(11) License is the act of granting a license or registration under the new sections.
(12) Licensed premises mean the premises that have been licensed to cultivate, manufacture, distribute or sell medical cannabis.
(13) Licensee is the person licensed or registered under the new sections.
(14) Limited access area is an area of the licensed premises that access is limited to only those persons licensed by ATC, and visitors and vendors as provided by rule and requires signage designating such.
(15) Local licensing authority refers to municipal or county charter or ordinances.
(16) Medical cannabis refers to the cannabis that is grown and sold under the new sections.
(17) Medical cannabis center is a person licensed to operate a business that sells medical cannabis to registered qualifying patients or caregivers.
(18) Medical cannabis cultivation and production facility is a person licensed to operate a business as described in section 195.954.
(19) Medical cannabis-infused products are products that are infused with medical cannabis that is intended for use or consumption other than by smoking.
(20) Medical cannabis testing facility is an independent facility licensed, certified and approved by ATC to conduct research and analyze medical cannabis for contaminants and potency. (Does ATC have to approve medical cannabis testing, or can they be certified in other ways?)
(21) Medical use is production, distribution and use of cannabis or cannabis infused products for qualifying patients to relieve symptoms or effects of qualifying medical conditions.

(22) Person includes person, partnership, association, company, corporation, LLC, or organization, manager, agent, owner, director, servant, officer or employee.
(23) Premises is defined as a distinct and definite location.
(24) Qualifying medical conditions are defined in this subsection.
(25) Qualifying patient is a Missouri resident diagnosed with at least on qualifying medical condition.
(26) Smokeless vaporizing device is a medical-grade vaporizing device used to administer metered doses of medical cannabis.
(27) State licensing authority means ATC and is responsible for regulating and controlling the licensing of the cultivation, manufacture, distribution and sale of medical cannabis in this state.
(28) Written certification is a document dated and signed by a physician stating that a qualifying patient has a qualifying condition and is being treated or managed by the physician.

195.903.1 Makes ATC the state regulatory and licensing authority.

195.903.2 Allows the State Supervisor to employ FTE as may be determined necessary. It also specifies that no money shall be appropriated or used from general revenue to support the Missouri Patient Care Act.

195.906.1 Provides what ATC is responsible for such as:

(1) Grant or refuse applications for state licenses; suspend, fine, restrict or revoke licenses issued under these provisions. It also provides ATC with the authority to take any action with respect to registrations as it may with respect to licenses.
(2) Establish rules and regulations to carry out the provisions of this new section.
(3) Provide written notice of denial and provide the right to a hearing before the administrative hearing commission.
(4) Maintain the confidentiality of patient record reports received from license holders.
(5) Develop forms as necessary for administration of this act and related rules.
(6) Prepare annual report to the Governor accounting for the discharge of duties.

195.906.2(1) Provides guidelines for the promulgation of rules such as:

(a) Provide procedures to assure compliance with this act, and establish procedures for administrative actions against licensee.
(b) Specify procedures for officers and employees of ATC.
(c) Provide instructions for local licensing authorities and law enforcement.
(d) Provide the requirements for inspections, investigations, searches, seizures and other activities.
(e) Creation of a range of administrative penalties.
(f) Prohibit misrepresentation and unfair practices.
(g) Provide control of informational and product displays.

(h) Develop process for ID cards for all involved in the medical cannabis industry, including a fingerprint-based criminal record check.
(i) Provide identification (ID cards) of state licensees and industry employees/ owners.
(j) Provide for security requirements to secure the licensed premises and reporting requirements for changes to the licensed premises.
(k) Provide regulations for the storage of, warehouses for and transportation of medical cannabis.
(l) Provide for sanitary requirements for licensed premises including the sanitary requirements for the preparation of medical cannabis-infused products.
(m) Outline the acceptable forms of picture identification that may be used when verifying a sale.
(n) Provide for labeling standards.
(o) Provide for testing standards.
(p) Provide record keeping standards and required availability of records.
(q) Provide state licensing procedures, including renewals, reinstatements, initial licenses and the payment of licensing fees.
(r) Provide for the reporting and collection of monthly sales tax payments by medical cannabis centers.
(s) Work with the department of revenue to ensure sales and income tax payments.
(t) Provide for method to impose administrative penalties and procedures for appealing.
(u) Provide for other procedures or rules that are necessary for comprehensive administration of the act.

(2) Authorizes ATC to use emergency rulemaking procedures set out in section 536.025 to promulgate emergency rules by March 6, 2019 for prompt implementation of this act.
(3) Prevents ATC from fixing prices for medical cannabis.

195.909.1 A local licensing authority of cities and counties upon receipt of the fee may issue a:

(1) Medical cannabis center license.
(2) Medical cannabis cultivation and production facility license.

195.909.2(1) Prevents local licensing authority from issuing a local license within a municipality or unincorporated portion of a county unless they have adopted an ordinance or resolution specifying the licensing standards. If licensing standards have not been adopted prior to June 1, 2019, the local licensing authority shall use the minimum licensing requirement of this act.

195.909.2(2) Allows the local governing body to adopt additional standards for the issuance of medical cannabis licenses consistent with the intent of sections 195.900 to 195.985 as follows, but not limited to:

(a) Distance restrictions between premises

(b) Other requirements necessary to ensure control of the premises and ease of enforcement of the terms and conditions of the license.

195.909.3 Local governments may limit the use of land for medical cannabis centers and medical cannabis cultivation and production facilities. Local zoning approvals shall be made by the governing body of the city, county, or municipality as it applies. Local governments can prohibit the operations of medical cannabis in the city, county, or municipality with a two-thirds majority vote from the registered voters.

195.909.4 Requires an applicant to file his license application with the appropriate local licensing authority on ATC application forms, and local licensing authorities can also require additional forms. License applications must be verified by the oath or affirmation of the persons as prescribed by ATC.

195.909.5 Requires applicant to provide plan specifications for the interior of the building that is to be licensed to local licensing authority and other requirements deemed necessary by ATC or the local licensing authority.

195.912.1 A local licensing authority must schedule and hold a public hearing on submission of an initial application to be held not less than thirty days after the date of the application, but not more than ninety days from the application date. If a hearing is not scheduled within the timeframe, the application shall be considered approved. The local licensing authority shall post and publish public notice thereof not less than 10 days prior to the hearing.

195.912.2 Specifies the sign that should be used for public notice of hearing.

195.912.3 Requires public notice given by publication to contain the same information as required on the sign.

195.912.4 Requires the sign where medical cannabis is to be cultivated, tested, manufactured, distributed or sold to be posted on the proposed licensed location in a conspicuous and visible spot, and if the building is not constructed, a sign shall be posted at the location that it is to be built.

195.912.5(1) A local licensing authority or the license applicant may request a concurrent state review of the license application before final approval is given by the local licensing authority, but the local authority shall still continue to independently review the applicant's license application.

(2) Requires ATC to notify local licensing authority of issues that might result in denial of license and must also notify the local licensing authority of correction of the problem(s). ATC must also notify the local licensing authority of conditional approval of applicant. After final approval by the locals, ATC shall issue the applicant a state license.

(3) Applications for concurrent review shall be accompanied by all license and application fees. Denial of the license will result in a refund of the license fee, but not any other fees. Application fees shall be retained by the respective licensing authority.

195.915.1 A local licensing authority must provide results of its investigation in writing to the applicant not less than 5 days prior to the date of the public hearing. License may be refused for good cause, subject to judicial review.

195.915.2 Outlines considerations that may be made by local licensing authority when determining whether to approve or deny an application.

195.915.3 Local licensing authority must issue licensing decision within 30 days after the public hearing or completion of the application investigation. The decision must be made in writing and provided to the applicant.

195.915.4 A local licensing authority may not issue a local license until the building is completed and ready for business and has been inspected by the local licensing authority and it matches plan provided with application.

195.915.5 A local licensing authority must notify ATC of the approval of the license by the local licensing authority, and the state will then investigate and approve or disapprove the application.

195.918.1(1) Limits licensing of medical cannabis cultivation and production facilities to 60 each statewide (1 per 100,000 inhabitants or 6,000,000/100,000 = 60). The license is valid for one year and shall be renewable, except for good cause. At least one medical cannabis center license shall be issued for each medical cannabis cultivation and production facility license.

(2) Limits licensing of medical cannabis centers to 60 (1 per 100,000 inhabitants or 6,000,000/100,000 = 60), but allows current licensees to, in some instances, acquire an additional two medical cannabis center licenses. These two additional ones are above and beyond the initial 60 licenses. The license is valid for one year and shall be renewable, except for good cause.

(3) Licenses shall be disbursed geographically by ATC, in consultation with DHSS, to ensure statewide access for patients. If more than the statewide limit for medical cannabis centers is necessary to provide sufficient patient access, a medical cannabis cultivation and production facility may be approved for up to two additional cannabis centers licenses, subject to approval by ATC and local licensing authority.

195.918.2 Requires a $5,000 bond for sales and use taxes due the state in event of nonpayment.

195.918.3 Requires ATC to have a final determination of failure to pay taxes before such bond can be required to make payments to the state.

195.918.4 Requires bonds to be renewed or continued at the time of license renewals.
195.921.1 Applications for a state license must be made to ATC on forms prepared by ATC to include information to establish whether a state license shall be granted.

195.921.2 ATC shall make application forms available within 180 days of the effective date of this section, and shall begin accepting applications no later than 240 days after the effective date.

195.921.3 ATC may not issue a state license until the local licensing authority has given approval.

195.921.4 Does not preempt local government to enact ordinances or resolutions concerning matters which local governments are authorized to oversee.

195.924.1 & 2 Requires ATC to deny a state license if the premises don't meet requirements set out in statutes. It also provides for the applicant to have a hearing before the administrative hearing commission if the license is denied. ATC is required to provide written notice of the reason for denial to the applicant and local licensing authority at least 15 days prior to the hearing.

195.927.1 Provides guidelines on who shall not be issued a license:

(1) Annual Fee must be paid.
(2) A person under 21 years old.
(3) A licensee who has:
    a. Failed to provide a surety bond, proof of assets or file any tax return
    b. Failed to pay taxes.
    c. Failed to pay a judgment due to a government agency.
    d. Failed to stay out of default on a government-issued student loan.
    e. Failed to pay child support.
    f. Failed to remedy an outstanding delinquency for any of the above.

(4) A person who in the last ten years preceding the application date has discharged a sentence for a felony conviction, or a person who has at any time been convicted of a felony regarding the possession, distribution, or use of a controlled substance.
(5) A person who employs someone at a medical cannabis center, cultivation and production facility or testing facility that has not passed a criminal background check.
(6) A sheriff, deputy sheriff, police officer, or prosecuting officer or any officer or employee of ATC, or a local licensing authority.
(7) A person whose primary caregiver license was revoked by DHSS.
(8) A person who is licensing a location that is currently licensed as a retail food establishment or wholesale food registrant.

195.927.2 This new section shall comply with provisions of section 324.010.1.

195.927.3 Licenses shall be held by entities that are 60% or more owned by natural citizens who have been Missouri residents for the three years prior to filing of the application for a license.

195.927.4(1) Gives ATC access to criminal background checks information in order to investigate applicants. If ATC considers the background check information, ATC must also consider information provided by the applicant showing evidence of rehabilitation, character reference, and educational achievements.

(2) Defines criminal justice agency to mean any federal, state, or municipal court or any government agency or subunit of such agency that administers criminal justice under a statute or executive order, and which a substantial part of their annual budget is spent on criminal justice.

(3) Applicant must submit personal history information as required by ATC, and also fingerprints which shall be in accordance with section 43.543 and 43.530, for submission to the MSHP who shall forward, if necessary, to the FBI for conducting a criminal background check. After a licensee has submitted the fingerprint check twice, they may thereafter submit a name based criminal background check. ATC is allowed to verify any information that an applicant is required to submit.

195.930 Gives reasons ATC or the local licensing authority shall not issue license:

(1) If ATC already denied a license at the location or within 1,000 feet of the location in the 2 years prior due to the nature of the use, or other concern.

(2) Until the lease or ownership of the location is established.

(3) If the local zoning laws of the municipality or county do not allow medical cannabis production or sale.

(4)(a) If the building to be licensed is within 1,000 feet of a school, college or university, or a licensed childcare facility, or within 100 feet of a youth center, public swimming pool, or video arcade facility . It allows for an exception for those already licensed, if the licensee was actively doing business prior to one of the listed facilities being constructed.

(b) The distances are computed by direct measurement from the nearest property lines of the land used for school or campus to the nearest portion of the building in which medical cannabis is to be sold.

(c) The local licensing authority shall make the determination as to whether the distance restrictions are valid.

195.933.1 A state or local license is not transferable except in special situations:

195.933.2 A transfer of ownership requires the license holder to apply to ATC and the local licensing authority on ATC forms. The local licensing authority may hold a hearing in the same manner as set out in section 195.912. ATC may hold a transfer of ownership hearing in compliance with section 195.912.

195.936.1 Allows a county or municipality to enact stricter regulations and restrictions than the state law.

195.936.2 Applicant cannot operate until license has been granted by both local licensing authority and ATC. Applicant must provide a complete list of all owners, officers, and employees to licensing authorities.

195.936.3 Licensee must notify ATC in writing within 10 days after an owner, officer, or employee ceases to work at, manage, own, or otherwise be associated with the operation. They must surrender their identification card to ATC on or before the date of notification.

195.936.4 Licensee must notify ATC in writing of the name, address, and date of birth of an owner, officer, manager or employee before the new person may begin working with the operation. They must pass a fingerprint-based criminal background check and obtain the identification card prior to being associated with, managing, owning or working at the operation.

195.936.5 Licensee may not acquire, possess, cultivate, deliver, transfer, transport, supply or dispense cannabis for any reason except to assist patients or as otherwise provided for in sections 195.900 to 195.985.

195.936.6 Owners of licensed medical cannabis operations are authorized to do business in Missouri. The local licensing authority shall not issue a license until ATC has received the license fee due. Licenses are valid for a one year period from date of issuance.

195.936.7 Licensing authorities may consider all requirements and exceptions of the Missouri Patient Care Act and rules promulgated under this act, along with any other reasonable restrictions before issuing the license. Licensing authorities may consider the effect on competition of granting or denying a second or third additional license to the licensee and shall not approve an additional license that has the effect of restraining competition.

195.936.8(1) Each license is separate and distinct. A separate license is required for each specific business and each geographical location.

(2) Licensee must maintain possession of the premises at all times.

195.936.9(1) License must specify the date of issuance, period of licensure and name of licensee and the premises licensed. License must be displayed conspicuously on the licensed premises at all times.

(2) A local licensing authority may not transfer location of or renew a license until the applicant produces a license granted by ATC covering the whole period for which the license or renewal is sought. (It appears that for initial licenses, the local licensing authority must grant the license before ATC can issue a license, but for changes in location, ownership or renewals, ATC must grant the license before the local licensing authority can issue the license.)

195.936.10 The day of the license issuance shall not count towards the designated time period of the license. Saturdays, Sundays and legal holidays shall be counted as any other day.

195.936.11 Licensee must report transfers or change of financial interest to ATC and the local licensing authority 30 days prior to the event. A report shall be required for transfers of capital stock of any corporation.

195.936.12 Licensee shall manage the licensed premise or appoint a manager on the premises. The manager must be reported to ATC and the local licensing authority. Any changes must be reported to both 30 days prior to the change.

195.936.13(1) A licensee may move the permanent location within the same municipality or county in which the license was granted, but may not conduct business until permission is granted from both ATC and the local licensing authority.

(2) ATC and the local licensing authority must consider all aspects of the new location to be sure the new location is in accordance with all requirements of the Act, local ordinances and the rules and regulations before granting a change.

195.939.1(1) ATC shall notify the licensee 90 days before the expiration date of the license. A renewal must be submitted to the local licensing authority 45 days and to ATC 30 days prior to the expiration date. A local licensing authority shall not accept a late renewal except as provided in (2) below. ATC may extend the expiration date and accept a late application for renewal provided that the applicant has filed timely with the local license authority. All renewals filed with the local licensing authority and approved by such, shall next be processed by ATC. ATC and the local licensing authority may waive the late renewal time requirements upon reasonable grounds. The local licensing authority may hold a hearing for renewal only if there have been complaints filed against it, there is a history of violations, or there are allegations that constitute good cause.

(2) The local licensing authority must post a notice of the hearing and notify the licensee for a period of ten days prior to holding a hearing. The local licensing authority may refuse to renew any license for good cause.

195.939.2(1) A late renewal application fee of $500 to the local licensing authority will be charged to renew a license that has expired, but not if it is expired for more than 90 days. A licensee may continue to operate until both ATC and the local licensing authorities have taken final action to approve or deny the late renewal application.

(2) No late renewal application is acceptable after more than 90 days after the expiration date and licensee must discontinue business actions.

195.942 A license may be revoked or not renewed if the licensed premises have been inactive without good cause for at least one year.

195.945.1 ATC, by rule, shall require complete disclosure of all persons having a direct or indirect financial interest and the details of such interest in any license.

195.945.2 A person shall not have unreported financial interest in a license unless such person has undergone a fingerprint-based criminal background check (Does this mean that if they haven't reported a financial interest as required by the application process and previous requirements, it's okay as long as they have undergone a fingerprint-based criminal background check?). This does not apply to banks, savings and loan associations or industrial banks, or to stockholders, directors, or officers thereof.

195.945.3 This section is intended to prevent control of the business by a person other than who is licensed to do so (subterfuge).

195.948.1 ATC may grant four types of licenses under this act.

(1) Medical cannabis center license;

(2) Medical cannabis cultivation and production facility license;

(3) Medical cannabis testing facility license;

(4) Occupational licenses and registrations for owners, managers, operators, employees, contracts and other support staff, or those having access to restricted areas as determined by ATC. ATC may take action against the registration the same as the other licenses.

195.948.2 A business will be required to hold both a medical cannabis center license and cultivation and production facility license.

195.948.3 A medical cannabis business must use a cannabis plant monitoring system to track all inventory.

195.948.4 Banks and credit unions may loan money to licensees for the operation of a licensed business.

195.948.5 A medical cannabis testing facility shall be licensed, approved, and certified by ATC. Owners of medical cannabis testing facilities cannot have financial interest in medical cannabis cultivation and production facilities and medical cannabis centers. Owners of medical cannabis cultivation and production facilities and medical cannabis centers cannot have financial interest in medical cannabis testing facilities.

195.951.1 A medical cannabis center license may be issued only to a person selling medical cannabis under this section.

195.951.2 A medical cannabis center licensee may also sell prepackaged and labeled cannabis-infused products

195.951.3 Except as provided in subsection 4 of this section, a licensee shall only sell cannabis grown in its medical cannabis cultivation and production facility.

195.951.4 A licensee shall not purchase more than thirty percent of its total on-hand inventory of cannabis from another licensed medical cannabis center in Missouri, and shall not sell more than thirty percent of its on-hand inventory to another licensed medical cannabis center in Missouri.

195.951.5 Licensee of the medical cannabis center must verify that the purchaser has a valid registration card from DHSS and valid picture identification card that matches the name on the registration card before making a sale.

195.951.6 Licensee shall provide an amount of its medical cannabis to a medical cannabis testing facility for testing as established by rule.

195.951.7 Provides the labeling requirements for selling medical cannabis:

(1) Medical cannabis (not infused) shall have a legible, firmly affixed label on which the wording is no less than one-sixteenth inch in size on each package and contains the following information:

(a) Patients name.

(b) Name and registration number of the licensee that produced it along with telephone number, mailing address, and website information if any.

(c) Quantity of usable cannabis in the package.

(d) The date of the packaging.

(e) Batch number, sequential serial number, and bar code when used, to identify the batch associated with manufacturing and processing.

(f) The cannabinoid profile of the cannabis including the THC level.

(g) Statement regarding the limited information about the safety of the product and/or to keep away from children.

(2) Medical cannabis-infused products shall have a legible, firmly affixed label on which the wording is no less than one-sixteenth inch in size on each package and contains the following information:

(a) Patients name.

(b) Name and registration number of the licensee that produced it along with telephone number, mailing address, and website information if any.

(c) Name of the product.

(d) Quantity of usable cannabis in the package as measured in ounces.

(e) A list of the ingredients, including the cannabinoid profile and the THC level.

(f) The date of the product creation and use by date.

(g) Batch number, sequential serial number, and bar code when used, to identify the batch associated with manufacturing and processing.

(h) Directions for use if relevant.

(i) Statement that the product was tested for contaminants, and no adverse findings, and the date of the testing.

(j) A warning known allergens are in the product.

(k) Statement regarding the limited information about the safety of the product and/or to keep away from children.

(3) Packaging instructions include plain, opaque, tamper-proof and child-proof containers without designs other than the centers logo.

195.951.8 Licensee shall comply with all provisions of law as relate to persons with disabilities.

195.954 A medical cannabis cultivation and production facility license may be issued only to a person who grows and cultivates cannabis and who manufactures medical cannabis or cannabis-infused products under this Act.

195.957.1 The DHSS is designated as the state agency for regulating and controlling the manufacture of medical cannabis infused products.

195.957.2(1) Medical cannabis-infused products can only be prepared on a licensed cultivation and production facility used for the manufacture and preparation of cannabis-infused products and which uses equipment for that exclusive purpose.

(2) Only a licensed medical cannabis cultivation and production facility is permitted to produce cannabis-infused products for such facility's medical cannabis centers and may sell to any other licensed cannabis center in Missouri.

(3) All cannabis cultivated must be tested in accordance with:

(a) Cannabinoid profile and for contaminants as specified by DHSS, including mold, mildew, heavy metals, plant-growth regulators and nonorganic pesticides. DHSS may require additional testing.

(b) Testing results must be maintained for no less than one year.

(c) Must have a procedure to follow up on results indicating contamination including destruction of product and assessment of the source.

(d) All testing shall be conducted by an independent laboratory that is:

a. accredited to International Organization for Standardization (ISO) 17025 by a third- party accrediting body; OR

b. Certified, registered, or accredited by an organization approved by DHSS.

(e) Testing must be conducted in accordance with the frequency as required by DHSS.

(f) The medical cannabis facility shall have a contractual arrangement with a laboratory for the purposes of testing cannabis, and those individuals responsible for testing must be licensed.

(g) A medical cannabis cultivation and production facility may not have a financial or other interest in a laboratory providing testing services for a licensee.

(h) No individual employee of a laboratory providing testing services shall receive financial compensation from any medical cannabis facility.

(i) Transportation to and from the laboratories shall comply with rules promulgated by ATC.

(j) All storage of cannabis at a laboratory shall comply with subdivision (4) below.

(k) Excess cannabis from the testing facility shall be returned to the source facility and be disposed of so as to minimize the development of odor and minimize attraction of bugs, in section 195.957.2(6)(e).

(4)(a) All cannabis shall be housed and stored in such a manner as to prevent diversion, theft, or loss.

(b) Medical cannabis shall be accessible only to the minimum number of authorized agents essential for efficient operations.

(c) Medical cannabis shall be returned to a secure location at the end of the scheduled business day.

(d) If the manufacturing process cannot be completed at the end of a day, all processing area or tanks, vessels, bins, or containers containing cannabis shall be securely locked inside an area or building that affords adequate security.

(5) Cannabis shall be processed in a safe and sanitary manner. Only the leaves and flowers of the female cannabis plant shall be processed as follows:

(a) Well cured and free of seeds and stems;

(b) Free of dirt, sand, debris, and other foreign matter;

(c) Free of contamination by mold, rot, other fungus, and bacterial diseases;

(d) Prepared and handled on food-grade stainless steel tables; and

(e) Packaged in a secure area.

(6) (a) – (o) Sets out the specific guidelines for sanitary requirements that must be met by anybody whose job includes contact with cannabis or nonedible medical cannabis-infused products, including cultivation, production, packaging, is subject to the requirements for food handlers under state law and in accordance with DHSS. It specifically sets out rules that must be followed by all who come into contact with the manufacturing and processing of medical cannabis products. (Not sure if ATC would oversee this aspect as DHSS is the agency for setting out sanitation standards and would likely have more expertise in doing such inspections).

195.957.3(1) Medical cannabis cultivation and production facilities shall provide adequate lighting, ventilation, temperature, humidity, space and equipment.

(2) Facilities shall have separate storage for outdated, damaged, deteriorated, mislabeled, contaminated, opened or breached cannabis, until it is destroyed.

(3) Storage shall be clean and orderly.

(4) Storage shall be free from infestation by insects, rodents, birds, and pests of any kind.

(5) Storage shall be maintained in accordance with security requirements set out by ATC.

195.960.1 Prevents wholesaling, transferring or processing any medical cannabis product until the product has been tested by a medical cannabis testing facility and validated.

195.960.2(1) Sets out the cultivation process and testing that needs to take place before it will be deemed valid.

(2) Sets out the production process and testing that needs to take place before it will be deemed valid.

195.960.3(1) Each harvest and production batch of medical cannabis concentrate and product shall be tested by a medical cannabis testing facility for salmonella sp., Escherichia coli and other bile tolerant bacteria.

(2) Each harvest batch shall be tested for filth and other visible contamination.

(3) Each production batch of solvent-based cannabis concentrate shall be tested for residual solvent contamination.

195.960.4(1) ATC may require additional tests on a harvest or production batch.

(2)(a) Sets out a waiver to testing production batches in (1) above if the facility does not wholesaler or transfer any portion of the production batch to manufacture medical cannabis product, except that a solvent-based medical cannabis concentrate shall still be submitted for a residual solvent contaminant test.

(b) If only CO2 was used on a product batch, residual solvent testing is not required.

195.960.5(1)(a) When a facility makes a material change to its cultivation or production process, the first five harvest or production batches must be revalidated.

(b) A material change includes if a facility uses a different pesticide.

(c) Using a new solvent is considered a material change.

(d) Licensee shall notify the medical cannabis testing facility of the material change.

(e) When a harvest or production batch is required for testing due to a material change, the facility may not wholesale, transfer or process into medical cannabis concentrate or product being tested.

(2) If six of ten tests batches produced fail contaminant testing, the facility will have to revalidate its process.

195.960.6 Medical cannabis-infused products shall not be exempt from state or local sales tax.

195.961.1 Levies a two percent retail sales tax on the sale of medical cannabis at medical cannabis centers for the privilege of engaging in business. Sellers of medical cannabis shall report to the director of revenue, on forms provided by the director of revenue, the total gross receipts for sales of medical cannabis at retail, and remit to the director of revenue two percent of their gross receipts.

195.961.2 After retaining no more than five percent of its actual collection costs, the department of revenue shall deposit one-half percent of tax collections into the Missouri Veterans' Health and Care Fund, one-half percent into the Missouri Public Safety Fund, one-half percent into the Missouri Drug Treatment Fund, and one-half percent into the Early Childhood Development, Education and Care Fund created by section 161.125. Licensees will be allowed approved credits for returns provided the tax was paid on the returned item and the purchaser received the refund or credit.

(1) Creates the Missouri Veterans' Health and Care Fund consisting of certain taxes and fees collected under this section. The interest earned on investments shall be credited to the fund. The money remaining in the fund does not revert to general revenue at the end of the year. This is a dedicated fund and shall stand appropriated as follows:

(a) An amount necessary for the department to carry out this section.

(b) Remainder of funds shall be transferred to the Missouri Veterans Commission for health and care services for military veterans.

(c) The money in this fund shall provide additional funding for the purposes listed above and shall not replace existing funding.

(2) Creates the Missouri Public Safety Fund consisting of certain taxes and fees collected under this section. The interest earned on investments shall be credited to the fund. The money remaining in the fund does not revert to general revenue at the end of the year. This is a dedicated fund and shall stand appropriated as follows:

(a) An amount necessary for the department to carry out this section.

(b) Remainder of funds shall be allocated evenly to all police departments, fire protection districts, and fire departments in Missouri that have medical cannabis centers or medical cannabis cultivation and production facilities within their geographic boundaries.

(c) The money in this fund shall provide additional funding for the purposes listed above and shall not replace existing funding.

(3) Creates the Missouri Drug Treatment Fund consisting of certain taxes and fees collected under this section. The interest earned on investments shall be credited to the fund. The money remaining in the fund does not revert to general revenue at the end of the year. This is a dedicated fund and shall stand appropriated as follows:

(a) An amount necessary for the department to carry out this section.

(b) Remainder of funds shall be allocated evenly to all Missouri Drug Treatment Centers funded by the state of Missouri.

(c) The money in this fund shall provide additional funding for the purposes listed above and shall not replace existing funding.

(4) Gives department of revenue authority to establish, revise, and amend rules necessary to carry into effect the retail sales tax on medical cannabis and to issue forms, instructions and other documents necessary for tax collections.

195.961.3 Sections 144.010 through 144.527 apply to the administration of tax imposed in this section.

195.963.1(1) Creates the Medical Cannabis License Cash Fund that will consist of all money collected by ATC under the Missouri Patient Care Act. The fund will be dedicated solely for the administration of the Act.

(2) The money in the fund does not revert back to general revenue at the end of the fiscal year.

(3) The interest earned on investments shall be credited to the fund.

(4) Creates a Medical Cannabis Program Account as an account within the medical cannabis license cash fund and will consist of all funds collected by DHSS under section 195.981 that deals with the physician and patient side of this act.

195.963.2(1) The nonrefundable application fee for a medical cannabis center license and a medical cannabis cultivation and production facility is $12,500 each, and the annual license fee is $12,500 each and must be submitted with the license application.

(2) ATC shall establish all other fees for processing applications that are submitted to ATC, such as applications;

(a) To change location.

(b) Transfer of ownership.

(c) License renewal and expired license renewal applications.

(d) Licenses, i.e. medical cannabis testing facility licenses, occupational licenses and registrations.

(3) The fees that ATC charges should reflect the actual direct and indirect costs to ATC in the administration and enforcement of the Missouri Patient Care Act.

(4) ATC can charge applicants a fee for the cost of each fingerprint analysis and background investigation undertaken to qualify new officers, directors, managers, or employees.

(5) At least annually, ATC will review the amount of fees and adjust the amount to reflect actual costs.

195.963.3 ATC shall establish a basic subpoena fee that will include meals, mileage, and lodging for each day of attendance as a result of a subpoena.

195.963.4 The subpoena fee will not be applicable to any federal, state, or local government agency.

195.966.1 Except for the fees charged by DHSS and the local licensing authority, all fees and fines under this act shall be paid to ATC, who will credit it to the medical cannabis license cash fund.

195.966.2 ATC expenditures shall be paid out of appropriations from the medical cannabis license cash fund.

195.969.1 Local licensing authorities can charge a fee for applications and licenses in an amount determined by them, but not to exceed ten percent of the state fees.

195.969.2 Local license fees shall be paid to the treasurer of the municipality or county where the licensed premises are located in advance of the approval, denial or renewal of the license.

195.972.1 ATC and local licensing authorities may suspend or revoke a license for violations by the licensee or any agents or employees of the licensee. Licensee must be given an opportunity for a public hearing. Both have the power to administer oaths and issue subpoenas to require the presence of people or for the production of records.

195.972.2 ATC or the local licensing authority shall provide written notifications to licensee regarding the suspension, revocation, fine and the required notice of the hearing. A suspension shall not be longer than six months, unless a summary suspension. The fees will not be returned to the licensee. A license can be summarily suspended without notice pending any prosecution, investigation or public hearing in the case of an immediate risk

or threat to public safety (195.984). Nothing in this section prevents the summary suspension of a license.

195.972.3(1) A licensee that has their license suspended for 14 days or less can petition to pay a fine in lieu of having the license suspended and both state and local licensing authorities may stay the suspension, investigate, or grant the petition if:

(a) The public welfare and morals are not impaired, and the fine achieves the desired disciplinary purposes.

(b) The books and records are kept in such a manner that the loss of revenue had the licensee suffered if the suspension had gone into effect is known or can be estimated accurately.

(c) The licensee has not had his or her license suspended or revoked, nor had any suspension stayed during the two years immediately preceding.

(2) The fine shall not be less than $500 or more than $100,000.

(3) Payment of a fine shall be by cash, certified check or cashier's check.

195.972.4 Fines paid to the local licensing authority should be credited to the general fund. Fines paid to ATC shall be credited to the medical cannabis license cash fund (I question the effect of fines being credited to the agency that is imposing the fine as it could create the appearance that a fine is being imposed for revenue enhancement as faced by the many St. Louis municipalities as a result of traffic violations funding their operations.)

195.972.5 Stays of a suspension as a result of a licensee petitioning to pay a fine in lieu of a suspension granted are limited to those necessary while the authority completes its investigation to determine the amount of fine, or if a fine will replace the stay.

195.972.6 If the authority does not find that a stay is appropriate, the suspension shall go into effect on the operative date set by ATC or the local licensing authority.

195.972.7 Local licensing authorities are required to report all actions taken to impose fines, suspensions and revocations to ATC. ATC shall report the preceding year's actions in which fines, suspensions or revocations were imposed by local licensing authorities and ATC by January 15th and shall file a copy with the House of Representatives and the Senate, and six copies for the legislative library.

195.975.1 Licensees must keep a complete set of records which shall be open during all business hours for inspection and examination by ATC. ATC can require any licensee to furnish information to determine the business transactions of the license and can appoint an auditor to have access to such records which the licensee will pay for.

195.975.2 The licensed premises shall be subject to inspection and investigation by ATC or local licensing authorities during all business hours, or other time of apparent activity. Upon demand, locked areas must be made available for inspection without delay.

195.975.3 Licensee must keep books and records for the current tax year and the three immediately prior tax years.

195.978.1 Except as otherwise provided, it is unlawful for a person:

(1) To consume medical cannabis in a licensed medical cannabis center or for the licensee to allow it to be consumed on the licensed premise.

(2) To permit or fail to prevent the use of a registry identification by any person for the unlawful purchasing of medical cannabis.

(3) To buy, sell, transfer, give away, or acquire medical cannabis except as allowed under this act.

195.978.2 It is unlawful for a licensed person to:

(1) Be in a limited-access area unless the person's license badge is displayed.

(2) Fail to designate areas of ingress and egress for limited-access areas and post signs as required.

(3) Fail to report a transfer of location or ownership of license.

(4) Fail to report the name of or a change in managers.

195.978.3 It is unlawful for any licensee under this act to:

(1) Sell more than two and one-half ounces of cannabis flower or its equivalent during a sales transaction to a qualifying patient.

(2) Display any signs that are not consistent with local laws or regulations.

(3) Use advertising material that is misleading, deceptive, false, or appeals to minors.

(4)(a) Sell to a person not licensed by DHSS or to a person without a valid patient registry identification card. A person under 21 years of age shall not be employed to sell or dispense medical cannabis, or grow or cultivate it.

(b) If a licensee has reasonable cause to believe a person is using a fraudulent ID card to obtain medical cannabis, the licensee shall be authorized to confiscate the card if possible. They shall within 72 hours turn it over to the DHSS or local law enforcement. Failing to confiscate the ID card and turning it in does not constitute a criminal offense.

(5) Offer for sale or solicit an order for medical cannabis in person except within the licensed premises.

(6) Have on the premises medical cannabis that is not permitted for sale by the license.

(7) Buy medical cannabis from a person not licensed to sell as provided by this act.

(8) Sell medical cannabis except in the permanent location designated in the license for sale.

(9) Require a licensee to make delivery to any premises other than the specific licensed premises where it is to be sold.

(10) Sell, serve, or distribute medical cannabis at any time other than between the hours of 8:00 a.m. and 7:00 p.m. seven days a week.

195.978.4 Except as otherwise provided, it is unlawful for:

(1) A licensee to sell, deliver or cause to be delivered to a licensee any medical cannabis not grown upon its licensed premises.

(2) A licensee to sell, possess or permit sale of medical cannabis not grown upon its licensed premises.

A violation of the above subsection shall be grounds for immediate revocation of the license.

195.978.5 A physician who makes patient referrals may not receive anything of value from the licensees, and a licensee cannot offer anything of value to a physician making patient referrals.

195.978.6 Violations under this section (195.978) result in a person being guilty of a class A misdemeanor.

195.981 Relates to DHSS's role in ensuring patients who are suffering legitimate debilitating medical conditions are able to gain access to medical cannabis and that those who aren't suffering cannot get it through this act. They are responsible for registering patients and primary caregivers. (DHSS should respond to this section).

195.982 Provides that no adverse action by the state or any agency, board, or subdivision thereof shall be taken against any individual or entity acting in accordance with this act. Nothing in this section provides immunity for negligence.

195.984.1(1) ATC may summarily suspend a license prior to a hearing to restrict operations to protect the public health, safety or welfare.

(2) If ATC determines that a licensee or the products prepared pose an immediate or serious threat to the public, based upon inspections, affidavits or other evidence, ATC can summarily suspend a license:

(a) Requiring cessation or restriction of any or all licensee operations and restricting use of the medical cannabis produced.

(b) Placing restrictions to the extent to avert a continued threat pending final investigation results.

(3) The summary suspension shall be in effect until ATC rescinds or amends it or they take final action on a pending complaint and issue a final decision.

195.984.2 DHSS may summarily suspend any registration pending further proceedings for denial of renewal or revocation of a registration if they determine that continued registration poses an imminent danger to the public.

195.985.1 Rules promulgated under this act by DHSS and ATC will become effective only if they comply with Chapter 536.

195.985.2 Provisions of sections 195.900 to 195.985 are severable.

Section 195.903.1 makes ATC the state Regulatory and Licensing Authority.

Section 195.903.2 prevents any general revenue funds from being used to fund the operation of the act, and prevents ATC from expending GR money for the operation of these sections. ATC will not have staff or funds available to initiate the operations of this act until funds are collected by the user fees and license fees. In order for ATC to acquire staff and money to begin processing applications, funds will have to be appropriated in some manner to fund the start up.

Section 195.903.2 allows the state supervisor to employ such FTE as may be necessary; therefore, ATC would add staff at four district offices (Kansas City, St. Louis, Springfield, and Jefferson City) as follows: 1 Staff Attorney, 7 Senior Office Support Assistants, 4 Executive I, 4 Agricultural Experts, 24 Special Agents, 4 District Supervisors and 4 Auditors.

District Supervisor – 4 – ATC would locate a District Supervisor in each office to oversee the activities of six Agent/Special Agents located in the field offices.

Special Agents – 24 – Special Agents would each be assigned a specific territory in the district to oversee licensing and regulation. Agents would be the key contact person for licensees to contact with questions and application problems. Agents would attend public hearings, perform inspections and do background checks. ATC currently has 5 districts.

Senior Office Support Assistant (SOSA) – 7 – The SOSA would be assisting in the large amount of clerical work related to the implementation and ongoing licensing of all the medical cannabis centers, cultivation and production facilities, medical testing facilities, and all the occupational licenses. In addition, this position would assist with the monthly sales tax reporting duties.

Executive I – 4 – The Executive I's would be working with the administrative and licensing sections to process licenses, data entry, track statistics, and facilitate the composition of the reports required by law. They would in addition be utilized to assist in the payroll and payables of processing the increased transactions.

Auditor – 4 – The Auditor would audit the monthly sales tax reports of the medical cannabis licensees, and be responsible for auditing licensed premises records to ascertain that the State of Missouri is receiving all taxes due, and the licensee is keeping records according to regulatory standards.

Agricultural Expert – 4 – ATC would employ this person to assist with the technical aspects of the medical cannabis growth process, cultivation, preparation of, testing of, storage of and anything to do with the product itself.

Staff Attorney – 1 – This person would be responsible for sorting through the large complex language of the bill, and interpreting the statutes and assisting with the promulgation of new rules to implement the act.

Expense and Equipment would be necessary for staff as outlined in the expense and equipment fiscal portion to include basic office equipment, laptops and telephone equipment. Agents will need law enforcement equipment to include weapons, ammunition, ballistic vests, vehicles, travel expenses, etc. ATC would need an identification printer scanner to create identification cards for occupational licenses.

In addition ATC plans to contract with a consultant who has expertise implementing state medical marijuana laws to help with creating the rules for the proper regulation and control of the cultivation, manufacture, distribution and sale of medical cannabis. Section 195.906 sets out ATC's responsibilities and duties under this law. ATC is responsible for setting out requirements for inspections, investigations, searches and seizures. ATC must create a range of administrative penalties, control of informational and product displays, development of individual identification cards for owners, officers, managers, contractors, employees and other support staff. ATC must set out the strict security requirements for licensed premises, regulation of the storage of, warehouse for, and transportation of medical cannabis. Sanitary requirements must be set. ATC must set labeling standards, recordkeeping standards, licensing procedures, and monthly reporting and payment of sales tax. ATC must prepare rules to prohibit misrepresentation and unfair practices in this new industry.

Section 195.966.2 provides that ATC's expenditures shall be paid out of the medical cannabis license cash fund.

ITSD ASSUMPTIONS

It is assumed that the new system will be required to carry out the provisions of the proposed legislation. ITSD would contract for the development of a single system to support the requirements of the Department of Health and Senior Services and for the Department of Public Safety. The estimated hours for development to support the requirement of the Department of Public Safety are based on a similar system implemented for the Department of Public Safety. The application would be hosted in the State Data Center (SDC) on existing shared hosting systems and those costs are included in the on-going costs. First year funding is unknown as section 195.903.2 prevents general revenue funds from being used, but following years will be supported by the Medical Cannabis License Cash Fund. Total estimated cost of the system is $715,797 with $365,472 for requirements of the Department of Health and Senior Services and $350,325 for the requirements of the Department of Public Safety.

Many states have a medical cannabis program that is similar to the proposed legislation. It appears Missouri's language was a combination of Oregon, Nevada and Colorado laws.

Oregon (population 4.09 million) has a medical marijuana registry program that registers patients, caregivers and grow sites. It allows for the medical use of marijuana in Oregon within specified limits. It provides legal protections for qualified patients; requires a physician-written statement of the patient's qualifying debilitating medical condition; allows for a caregiver to provide assistance; and mandates an Oregon Health Authority registration system. The Oregon Medical Marijuana Program is totally fee-supported. No

state funds are used to support the program. Beginning in 2014, the state began to license dispensaries in Oregon. It sets out a schedule of fees which include a $4,000 annual fee for a processors license and the same for a dispensary license. In January 2017 Oregon reported having 307 licensed dispensaries collecting $1,228,000 in licensing fees, and 121 processing centers collecting $484,000 in licensing fees. There does not appear to be a fee for a testing facility, they only need to be certified. Oregon also charges a registration fee of $200 for marijuana growers and a $200 registration fee for patients, which appears to be a one-time fee. The patient fee can be reduced if a patient meets certain qualifications.

Nevada's (population 2.94 million) medical marijuana program seems to be very similar to the proposed legislation. The initial program included a patient and caregiver registry, but in 2014 expanded to include a regulated medical marijuana industry. It sets a schedule of fees for medical marijuana dispensaries (of which there may be up to 66), medical marijuana cultivation facilities, infused product manufacturers, testing laboratories and staff. The initial fees range from $3,000 for a cultivator to $30,000 for a dispensary. Renewal fees range from $1,000 to $5,000. Annual staffs ID cards are $75. In addition to standard sales tax, there is also a 2% excise tax at the wholesale level and a 2% excise tax at the retail level. Nevada's annual budget for FY'15 for the medical marijuana establishment (MME) program budget was $1.1 million. Revenue is as of yet unknown.

Colorado (population 5.54 million) has the largest state-regulated dispensary program in the nation. As of FY'2012, more than 1,700 medical marijuana businesses were operating in the state – 532 medical marijuana centers and 1,459 cultivation facilities and infused products manufacturers. Medical marijuana taxes and fees have been quite lucrative, both at the city and state levels. Revenues from state and city tax, registry and licensing medical marijuana exceeded $20 million in FY'12. The Medical Marijuana Enforcement Division (MMED) collected $3.78 million in fees in FY'11 and FY'12. The state application fees for medical marijuana centers are $7,500 for 300 or fewer patients, $12,500 for 301 to 500 patients, and $18,000 for those serving 501 or more patients. Annual renewal fees are lower, with center's fees ranging from $3,750 to $14,000 depending on the centers size. Cultivation and infused products manufacturers annual fees are $2,750. In addition, medical marijuana sales taxes brought in more than $5.4 million to state coffers. It appears that at least $6.3 million was collected in county and local sales taxes on medical marijuana in FY'12.

Colorado's Expenditures for their Medical Marijuana Enforcement Division

Fiscal Year	Total Program Expenditure	FTE
10-11	$1,127,118	22
11-12	$5,262,020	13
12-13	$2,103,341	17
13-14	$9,555,599	35

Some of the other states that have medical marijuana programs including licensing of industry for production and retail sales are Arizona, California, Connecticut, Delaware, District of Columbia, Hawaii, Illinois, Maine, Maryland, Massachusetts, Minnesota, New Hampshire, New Jersey, New Mexico, North Dakota, Ohio, Pennsylvania, Rhode Island, Vermont ,Washington and West Virginia.

Alaska, Arkansas, Florida, Michigan, Montana and New York have a medical marijuana law and registers patients and caregivers, but there are not state-registered dispensaries. Washington is the only one of the 21 states that does not provide for a registry card.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Changes to Missouri's state driving laws could impact some federal commercial drivers' license laws.

Failure to comply with 49 C.F.R. 384.225 and 384.226 could result in a withholding of Missouri's federal-aid highway funds apportioned to it under each of Title 23, United States Code (U.S.C.), sections 104(b)(1), (b)(3), and (b)(4). The federal funds impacted consist of national highway performance program funds, highway safety improvement program funds, and congestion mitigation and air quality improvement funds. The withholding amount would be four percent for the first year of non-compliance and eight percent for the second and subsequent years.

Officials from the **Office of Administration** indicated:

This proposal amends Chapters 192, 195, 263 and 311, RSMo to legalize medical marijuana. Section 195.903.1 designates the Division of Alcohol and Tobacco Control within the Department of Public Safety as the state licensing authority for regulating and controlling the licensing of the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis in Missouri. Section 195.909 authorizes local licensing authorities (i.e. governing bodies designated by municipal or county charter or ordinance), upon scheduling a public hearing, to issue local licenses for medical cannabis centers and medical cannabis cultivation and production facilities. Section 195.957.1 designates the Department of Health and Senior Services (DHSS) as the state agency

responsible for regulating and controlling the manufacturing of medical cannabis-infused products. Section 195.981.2 requires DHSS to create regulations governing the issuance of cannabis registry identification cards to patients with qualifying conditions.

If approved, the proposal will be enacted on January 1, 2019. Section 195.906.2(2) requires the division to file regulations by March 6, 2019. Section 195.921.2 states the division shall make license application forms and instructions available within 180 days of the effective date of this section which would be July 1, 2019. The division shall begin accepting license applications no later than 240 days after the effective date of this section, which would be September 1, 2019. Applications shall be approved or denied by the division no later than 120 days after their submission, which would be January 1, 2020.

Section 195.918.1(1) and (2) state the division may limit the number of medical cannabis centers and medical cannabis cultivation and production facilities, but that limit may not be less than one license per every 100,000 inhabitants of Missouri, according to the most recent U.S. Census. Licenses shall be valid for one year from its date of issuance and shall be renewable. At least one medical cannabis center license shall be issued for each medical cannabis cultivation and production facility license. Applicants for a medical cannabis center license may be approved for an additional two medical center licenses, which will not be counted toward the statewide limit. Medical cannabis center licenses shall be valid for one year from its date of issuance and renewable. Section 195.918.1(3) states the division shall geographically disburse, in consultation with DHSS, licenses according to demographics of the state and patient demand in order to ensure access. If the number of licenses needed to ensure patient access exceeds the statewide limit, a medical cannabis cultivation and production facility licensee may be approved for up to an additional two medical cannabis center licenses, subject to approval. For the purposes of this estimate, B&P assumes that license limits are adequate to ensure patient access.

The limits on facility types and the estimated number of facilities are shown in Table 1 below.

Table 1: Estimated Number of Facilities			
Section	**Facility License Type**	**Limit***	**Number**
195.918.1(1)	Medical Cannabis Cultivation and Production Facility	Not less than one per every 100,000 Missouri inhabitants	60
195.918.1(2)	Medical Cannabis Center	Not less than one per every 100,000 Missouri inhabitants	60

**The number of inhabitants is based on the most recent U.S. Census.*

Section 195.906.1 allows the issuance of medical cannabis center licenses and medical cannabis cultivation and production facility licenses by the Division of Alcohol and Tobacco Control. Section 195.963.2(1) establishes application and annual license fees for medical cannabis center licenses and medical cannabis cultivation and production facility licenses. These fees are shown in Table 2 below.

Table 2: Facility License and Annual Fees				
Section	**Facility License Type**	**Initial Application Fee**	**Annual License Fee**	**License Renewal Period**
195.963.2	Medical Cannabis Center	$12,500	$12,500	Annual
195.963.2	Medical Cannabis Cultivation and Production Facility	$12,500	$12,500*	Annual

**The proposal states the annual license fee for a Medical Cannabis Cultivation and Production Facility is "twelve thousand five thousand dollars". B&P assumes this is a typo and should be "twelve thousand five hundred dollars".*

Table 3: License and Annual Fees by Facility Type			
Patient and Facility Type	**Revenue Generated by Application and License Fees**		
	FY 2020	**FY 2021**	**FY 2022**
Medical Cannabis Center*	$1,500,000	$759,000	$759,000
Medical Cannabis Cultivation and Production Facility*	$1,500,000	$759,000	$759,000
Total	**$3,000,000**	**$1,518,000**	**$1,518,000**

** Assumes a 1.2% turnover rate in facility licenses.*

B&P used information from the Arizona Department of Health Services to determine that, on average, 1.2% of businesses close per year. B&P further assumed that new facilities would apply for any open licenses, and thus be subject to the initial application fee.

Section 195.961.1 creates a sales tax on the retail sale of medical cannabis of 2% of the retail price. Section 195.961.2 allows the Department of Revenue (DOR) to retain no more than 5% for collection costs. The remainder is to be deposited as follows:

- 0.5% into the Missouri Veterans' Health and Care Fund;
- 0.5% into the Missouri Public Safety Fund;
- 0.5% into the Missouri Drug Treatment Fund; and
- 0.5% into the Early Childhood Development, Education and Care Fund.

Section 195.961.2(1) establishes the Missouri Veterans' Health and Care Fund in the state treasury. The fund is to stand appropriated without further legislative action. The department is to receive an amount to carry out this section. The remainder is to be transferred to the Missouri Veterans Commission for health and care services for military veterans – capital improvements of the Missouri Veteran's Homes, mental health services, job training, housing assistance, etc.

Section 195.961.2(2) establishes the Missouri Public Safety Fund in the state treasury. The fund is to stand appropriated without further legislative action. The department is to receive an amount to carry out this section. The remainder is to be allocated evenly to all police departments, fire protection districts, and fire departments in Missouri that have medical cannabis centers or cultivation and production facilities within their geographic boundaries. The additional funding provided shall not replace existing dedicated funding.

Section 195.961.2(3) establishes the Missouri Drug Treatment Fund in the state treasury. The fund is to stand appropriated without further legislative action. The department is to receive an amount to carry out this section. The remainder shall be allocated evenly to all Missouri Drug Treatment Centers that are funded by the State of Missouri. The additional funding provided shall not replace existing dedicated funding.

B&P determined that Arizona has a similar medical marijuana law in terms of illnesses that qualify for treatment. Based on this similarity, B&P was able to base some estimates for Missouri from trends seen in Arizona since medical marijuana was approved in 2012.

Table 4: Sales Tax Revenues			
Sales Tax Fund	**Revenue Generated by Sales Tax**		
	FY 2020*	**FY 2021***	**FY 2022***
Veterans Health Care Fund	$275,000	$550,000	$779,000
Public Safety Fund	$275,000	$550,000	$779,000
Drug Treatment Fund	$275,000	$550,000	$779,000
Early Childhood Development, Education and Care Fund	$275,000	$550,000	$779,000
Total	**$1,100,000**	**$2,200,000**	**$3,116,000**

**Based on sales data from Arizona during 2014 and 2015.*

Section 195.963.1(1) establishes the Medical Cannabis License Cash Fund in the state treasury. The fund shall be used solely in the administration of Sections 195.900 to 195.985. Section 195.963.1(4) establishes the Medical Cannabis Program Account within the Medical Cannabis License Cash Fund. The account shall contain moneys collected from patients applying for cannabis registry identification cards. Section 195.981.14 allows DHSS to collect fees from patients that apply to the medical cannabis program for a cannabis registry identification card. Section 195.981.8(4) states that patient registry identification cards shall be valid for one year. This amount is to be established by DHSS through rule; therefore, no estimate is provided.

Section 195.963.2(2) allows the division to establish other fees for processing various types of applications, licenses, notices, or reports required to be submitted to the state licensing authority. Section 195.963.2(4) allows the division to charge applicants a fee for the cost of each fingerprint analysis and background investigation undertaken to qualify new officers, directors, managers, or employees. Section 195.963.3 requires the division to establish a basic fee that shall be paid at the time of service of any subpoena upon the division. Section 195.972.3(2) states that fines related to the suspension of a license shall not be less than $500 or more than $100,000. B&P is unable to provide an estimate of revenues from these fees and fines. Section 195.966.1 states that except as otherwise provided, all fees and fines shall be credited to the Medical Cannabis License Cash Fund.

Table 5 provides a summary of revenue to be collected from licensing fees and sales tax. Because the proposal is subject to voter approval, additional revenues from the sales tax and licensing fees will not impact TSR or the calculation under Article X, Section 18(e) of the Missouri Constitution.

Table 5: Summary of Revenue Generated by Medical Marijuana Taxes and Fees			
Revenue Source	**Revenue Generated by License Fees**		
	FY 2020	**FY 2021***	**FY 2022***
Application* and Annual License Fees			
Medical Cannabis Center	1,500,000	759,000	759,000
Medical Cannabis Cultivation and Production Facility	1,500,000	759,000	759,000
Total License and Annual Fees:	3,000,000	1,518,000	1,518,000
Sales Tax**			
Veterans Health Care Fund	275,000	550,000	779,000
Public Safety Fund	275,000	550,000	779,000
Drug Treatment Fund	275,000	550,000	779,000
Early Childhood Development, Education and Care Fund	275,000	550,000	779,000
Total Sales Tax:	1,100,000	2,200,000	3,116,000
Total Revenue to Medical Cannabis License Cash Fund	**4,100,000**	**3,718,000**	**4,634,000**
Total Local Application and License Fees^	**300,000**	**152,000**	**152,000**

** Assumes a 1.2% turnover rate in facility licenses*

*** Based on sales data from Arizona during 2014 and 2015*

^ Assumes locals set fees at the maximum 10% of state application and license fees

Officials from the **Office of State Courts Administrator** indicated:.

The proposed initiative petition would amend Chapters 192, 195, 263 and 311. This section would be known as the "Missouri Patient Care Act". It is intended to make changes necessary to protect patients, their caregivers and their physicians from civil and criminal penalties.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to 2015 for Associate case types is 10,982.

The following Criminal Court Costs could be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		

Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund

Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri
Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to their office for Administrative Rules is less than $2,500. Their office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year’s legislative session. Funding for this item is adjusted each year depending upon the

election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures.

In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish. These measures filled approximately 15 pages of text, for an estimated publication cost of $160,000 per page. The full text of petition 2018-271 occupies 49 pages of language. Based on the estimated cost of $160,000 per page, this petition alone would cost approximately $3,600,000-$3,800,000 to publish in all necessary local newspapers in FY 2019. This would be in addition to the cost of publishing any other ballot measures which are certified for the 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will have an impact on their office. It creates several new Class A misdemeanors for which, should indigent persons be accused of, public defenders would be required to provide representation. For the purpose of the initiative petition and as a result of excessive caseloads, they CANNOT assume existing staff will provide competent, effective representation for any new cases where indigent persons are charged with the proposed new crimes relating to the legalization of medical marijuana in the State of Missouri.. The Missouri State Public Defender System is currently providing legal representation in caseloads in excess of recognized standards. The State Public Defender will continue to request sufficient appropriations to provide competent and effective representation in all criminal cases where the right to counsel attaches.

Officials from the **State Treasurer's office** indicated given the potential source of the tax and fees proposed in this initiative petition, and the known banking issues involving this industry, they are unable to determine the potential fiscal impact of this initiative petition upon their office.

Even where cannabis dispensaries have been legalized and are regulated by states, federal authorities still prohibit banks and credit card companies from transporting, transmitting, accepting deposits from, or transacting business involving funds known to have been derived from marijuana distribution. For this reason, these businesses tend to have great difficulty obtaining and maintaining traditional bank accounts, and it's not clear whether

this difficulty would extend to the state's attempts to deposit tax funds derived from these businesses in the state's own bank accounts. Further, these businesses also tend to transact their business in cash, including when paying their taxes, so that instead of seeing modest amounts of cash deposits each day, the state could suddenly be faced with hundreds of thousands of dollars, or more. This would require considerably altering their security practices.

Despite knowing of all of these issues in other states, the continuing uncertainty about how or if these issues will ultimately be resolved, and whether they would face the same problems here, makes it impossible for them to even estimate the potential fiscal impact of this initiative, and those like it.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Central Missouri** indicated they do not cultivate, manufacture, store, or sell marijuana for medical or other purposes so this will not affect them.

Officials from **Missouri State University** indicated no fiscal impact for their university.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from the **Missouri Veterans Commission** indicated they have no position on this initiative petition. They are pleased to receive any funding which appropriately comes to them to support the Veterans Programs currently administered by the Commission.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education,** the **Department of Labor and Industrial Relations, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia**, the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Harris-Stowe State University, Lincoln University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** and the **Missouri Association of Fire Protection Districts.**

Fiscal Note Summary

State government entities estimate initial and one-time costs of $2.6 million, annual costs of $10 million, and annual revenues of at least $10 million. Local government entities estimate no annual costs and are expected to have at least $152,000 in annual revenues.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 30, 2017

RECEIVED
AUG 30 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Rush Loftis regarding a proposed statutory amendment to Chapter 188 (2018-270)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Rush Loftis on August 29, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
AUG 2 9 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____ being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do_____ do not_____ (check one) expect to be paid for circulating this petition. If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____ day of _____ A.D. 201___.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

A new section be added to the Revised Statutes of Missouri to be known as section 188.340 and to read as follows:

188.340 1. As used in this section, the following terms shall mean:

(1) "Fertilization", the fusion of a human spermatozoon with a human ovum.

(2) "Premeditated murder", a murder planned in advance and carried out willfully.

(3) "Unborn human", an individual organism of the species homo sapiens from fertilization until live birth.

(4) "Abortion", The Willing use of or prescription of any instrument, medicine, drug, or any other substance or device to intentionally kill an unborn human;

2. This state recognizes that abortion denies the most defenseless persons the same rights, powers, and privileges as are secured or granted by the laws of this state to any other human child.

3. This state recognizes that all persons are created equal and are entitled to equal rights and opportunity under the law.

4.This state recognizes that all persons have a natural right to life including the right to life of every unborn human child at every stage of biological development and shall protect such life from deprivation by the state or private action.

5. On the effective date of this section, no person who lives in this state or has traveled to this state shall perform, procure, or attempt to perform an abortion. No person who lives in this state may perform, procure, or attempt to perform an abortion outside of this state.

6. Any individual who violates the provisions of this section shall be guilty of the offense of premeditated murder and shall be punished in accordance with the penalties for that offense under the law on the effective date of this section.

7. No abortions are permitted in this state. Any current state statutes regarding the regulation of abortions are void on the effective date of this section. It shall be the duty of the Missouri General Assembly to immediately repeal laws that regulate abortion during the next legislative or extraordinary session.

8. No government may deprive any person of life, without due process of law, therefore any federal statute, regulation, executive order, or court decision which purports to supersede, stay, or overrule this Act is in violation of the Missouri Constitution and the Constitution of the United States of America and is therefore void. The State of Missouri and its political subdivisions, and agents thereof, may not enter an appearance, special or otherwise, in any federal suit challenging this Act.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

STATE AUDITOR'S OFFICE
RECEIVED
AUG 28 2017

August 28, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article VIII (2018-269)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on August 28, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

RECEIVED
AUG 28 2017
MO. SECRETARY OF STATE

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
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13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant ,

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the State of Missouri That the Constitution be amended:

Missouri Constitution Article VIII Suffrage and Elections is amended by adding one new section to be known as section 24, to read as follows:

The People of Missouri recommend a federal Constitutional Convention that will allow for national votes on the federal level. The People of Missouri support and recommenced to the President, Congress, and to the other states of the United States that a Constitutional Convention be held as soon as possible to address: approval of a process to attain minimal signatures (1%), of people in all states to place issues on the national ballot. Examples of possible national ballot issues could be: term limits on federal elected office, campaign finance limits, limits on time allowed to campaign for elective offices, a balanced budget amendment be added to the federal constitution and review and audits of the judicial system concerning what they were set up for by the Founding Fathers which is to protect the individual Liberties and Rights of the People.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 24, 2017

RECEIVED
AUG 24 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Brian Hagg regarding a proposed statutory amendment to Chapter 374 (2018-268)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Brian Hagg on August 23, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
AUG 23 2017
MO. SECRETARY OF STATE

Chapter 374 Department of Insurance, Financial Institutions and Professional Registration 374.695 to 374.755 REGULATION OF BAIL BOND AGENTS & 374.783 to 374.789 SURETY RECOVERY AGENTS how some Missouri statutes are broken by what is listed in 374.695 to 374.789, broken the Missouri Constitution Bill of Rights Article I and The United States Constitution.

Missouri Statute 374.700. Definitions. — As used in sections 374.695 to 374.789, the following terms shall mean: (1) **"Bail bond agent"**, a surety agent or an agent of a property bail bondsman who is duly licensed pursuant to the provisions of sections 374.695 to 374.789, is employed by and is working under the authority of a licensed general bail bond agent;...(3) **"Department"**, the department of insurance, financial institutions and professional registration of the state of Missouri;(4) **"Director"**, the director of the department of insurance, financial institutions and professional registration;(5) **"General bail bond agent"**, a surety agent or a property bail bondsman, as defined in sections 374.700 to 374.775, who is licensed in accordance with sections 374.700 to 374.775 and who devotes at least fifty percent of his working time to the bail bond business in this state; **(6) "Insurer", any surety insurance company which is qualified by the department to transact surety business in Missouri;(7) "Licensee", a bail bond agent or a general bail bond agent;** (8) "Property bail bondsman", a person who pledges United States currency, United States postal money orders or cashier's checks or other property as security for a bail bond in connection with a judicial proceeding, and who receives or is promised therefor money or other things of value; (9) "Surety bail bond agent", any person appointed by an insurer by power of attorney to execute or countersign bail bonds in connection with judicial proceedings, and who receives or is promised money or other things of value therefor;(10) **"Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, captures and surrenders to the custody of a court a fugitive who has violated a bail bond agreement, excluding a bail bond agent or general bail bond agent;**

(11) "Taking a bail" or "take bail", the acceptance by a person authorized to take bail of the undertaking of a sufficient surety for the appearance of the defendant according to the terms of the undertaking or that the surety will pay to the court the sum specified. Taking of bail or take bail does not include the fixing of the amount of bail and no person other than a competent court shall fix the amount of bail.

Points (6) "Insurer" & ;(7) "Licensee", a bail bond agent or a general bail bond agent; are private citizens who think they have more power than the Missouri statutes, Missouri Constitution & the United States Constitution. Who pay fee not to exceed one hundred fifty dollars, as Missouri Statute 374.710. States issue a two-year license for the bail bond agent or general bail bond agent.

Missouri Statute 374.710. License required for bail bond agents, application, qualifications — exceptions.4. Upon completion of said basic training or biennial continuing education and the licensee meeting the other requirements as provided under sections 374.695 to 374.789, the director shall issue a two-year license for the bail bond agent or general bail bond agent for a fee not to exceed one hundred fifty dollars.

Missouri Statute 374.717. Prohibited acts. — No insurer or licensee, court, or law enforcement officer shall: (4) Accept anything of value from a principal except the premium and expenses incurred, provided that the licensee shall be permitted to accept collateral security or other indemnity from the principal in accordance with the provisions of section 374.719.

Missouri Statute 374.719. Collateral security accepted, when — receipt required — used to reimburse costs, when — records to be retained. — 1. A licensee may accept collateral security from the principal in a fiduciary capacity, which collateral shall be returned upon final termination of liability on the bond. When a licensee accepts collateral, the licensee shall provide a prenumbered written receipt, which shall include a detailed account of the collateral received by the licensee.

Missouri Statute 374.757. Notification by agent of intention to apprehend — local law enforcement may accompany agent — violations, penalties. — 1. Any agent licensed by sections 374.695 to 374.775 who intends to apprehend any person in this state shall inform law enforcement authorities in the city or county in which such agent intends such apprehension, before attempting such apprehension. Such agent shall present to the local law enforcement authorities a certified copy of the bond and all other appropriate paperwork identifying the principal and the person to be apprehended. Local law enforcement may accompany the agent. Failure of any agent to whom this section applies to comply with the provisions of this section shall be a class A misdemeanor for the first violation and a class E felony for subsequent violations; and shall also be a violation of section 374.755 and may in addition be punished pursuant to that section. 2. The surety recovery agent shall inform the local law enforcement in the county or city where such agent is planning to enter a residence. Such agent shall have a certified copy of the bond and all appropriate paperwork to identify the principal. Local law enforcement, when notified, may accompany the surety recovery agent to that location to keep the peace if an active warrant is effective for a felony or misdemeanor. If a warrant is not active, the local law enforcement officers may accompany the surety recovery agent to such location. Failure to report to the local law enforcement agency is a class A misdemeanor. For any subsequent violations, failure to report to the local law enforcement agency is a class E felony. **374.700point (10) states surety recovery agent can't.**

Missouri Statute 374.783. Surety recovery agents, license required — director to license, powers. — 1. No person shall hold himself or herself out as being a surety recovery agent in this state, unless such person is licensed in accordance with the provisions of sections 374.783 to 374.789. **Licensed bail bond agents and general bail bond agents may perform fugitive recovery without being licensed as a surety recovery agent.** 2. **The director shall have authority to license all surety recovery agents in this state. The director shall have control and supervision over the licensing of such agents and the enforcement of the terms and provisions of sections 374.783 to 374.789.** 3. The director shall have the power to: (1) Set and determine the amount of the fees authorized and required pursuant to sections 374.783 to 374.789. The fees shall be set at a level sufficient to produce revenue which shall not substantially exceed the cost and expense of administering sections 374.783 to 374.789. However, such fees shall not exceed one hundred fifty dollars for a two-year license; and (2) Determine the sufficient qualifications of applicants for a license. 4. The director shall license for a period of two years all surety recovery agents in this state who meet the requirements of sections 374.783 to 374.789.

So Missouri Statute 374.783. Surety recovery agents, The Last sentence of point 1 Licensed bail bond agents and general bail bond agents may perform fugitive recovery without being licensed as a surety recovery agent.

Missouri Statute 374.789. Prohibited acts. — 1. A person is guilty of a class E felony if he or she does not hold a valid surety recovery agent license or a bail bond license and commits any of

the following acts:(1) Holds himself or herself out to be a licensed surety recovery agent within this state;(2) Claims that he or she can render surety recovery agent services; or (3) Engages in fugitive recovery in this state.2. Any person who engages in fugitive recovery in this state and wrongfully causes damage to any person or property, including, but not limited to, unlawful apprehension, unlawful detainment, or assault, shall be liable for such damages and may be liable for punitive damages. **Just because Missouri Statutes 374.710Point (10), 374.757, 374.783 the bail bond agent or general bail bond agent, Think they have the same power as a police office, then The surety recovery agent have to be person licensed in accordance with the provisions of sections 374.783-374.789, then in 374.700 point (10) Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, captures and surrenders to the custody of a court a fugitive, So in 374.757 2. surety recovery agent shall inform the local law enforcement in the county or city where such agent is planning to enter a residence. So this can't happen because of the above statement of 374.700(10), a surety recovery agent can somehow have a warrant as stated in 374.757 2. & Local law enforcement may accompany.**

So What is the purpose of Missouri Statutes 374.789 Prohibited acts if they are licensed somehow they can arrest people if they have a warrant if you're a surety recovery agent so what is the need for a criminal justice education to be a policeman or law enforcement agent since you let bail bond agent, general bail bond & surety recovery agent act as law enforcement agents with just 24 hours of training and 150 dollars they are License as stated in 374.710. So the Director of Department of Insurance, Financial Institutions and Professional Registration has his own bail bond agent, general bail bond & surety recovery agent act as law enforcement agents

374.700 point (10) "Surety recovery agent", & 374.757 2. surety recovery agent contradict each other.

In 374.789 Prohibited acts 2. wrongfully causes damage to any person or property, including, but not limited to, unlawful apprehension, unlawful detainment, or assault, shall be liable for such damages and may be liable for punitive damages. **I'M being unlawful detained & assaulted with this ankle monitor ever day it violates the Missouri Constitution Bill of Rights Article I Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design.**

Section 10. That no person shall be deprived of life, liberty or property without due process of law. Section 14. That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay. Section 15. That the people shall be secure in their persons, papers, homes, effects, and electronic communications and data, from unreasonable searches and seizures; and no warrant to search any place, or seize any person or thing, or access electronic data or communication, shall issue without describing the place to be searched, or the person or thing to be seized, or the data or communication to be accessed, as nearly as may be; nor without probable cause, supported by written oath or affirmation. Section 19. That no person shall be compelled to testify against himself in a

criminal cause, nor shall any person be put again in jeopardy of life or liberty for the same offense,...

It violates The United States Constitution Amendment IV The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

Amendment V No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces, or in the militia, when in actual service in time of war or public danger; **nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law;** nor shall private property be taken for public use, without just compensation. **Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.**

Amendment XIV Section 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws. Amendment I Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.

Missouri Statute 374.755. Complaint by department, procedure — grounds — disciplinary action — alternate procedure — additional remedy **(4) Obtaining or attempting to obtain any compensation as a member of the profession licensed by sections 374.695 to 374.775 by means of fraud, deception or misrepresentation; (6) Violation of any provision of or any obligation imposed by the laws of this state, department of insurance, financial institutions and professional registration rules and regulations, or aiding or abetting other persons to violate such laws, orders, rules or regulations, or subpoenas;**

Violations have taken place taking of money from people who are gps/electronic monitored no were in the chapter of 374 does it state taking of money for gps/electronic monitored which a lot of people have been put on in Missouri for just being charged for a crime, and nonconvicted are paying a excessive fines imposed, which violates United States Constitution Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.

Also says Missouri Statute 374.755. Complaint by department, procedure — grounds — disciplinary action — alternate procedure — additional remedy

2. After the filing of such complaint, the proceedings shall be conducted in accordance with the provisions of chapter 621. Upon a finding by the administrative hearing commission that one or more of the causes stated in subsection 1 of this section have been met, the director may suspend or revoke the license or enter into an agreement for a monetary or other penalty pursuant to section 374.280.

3. In lieu of filing a complaint at the administrative hearing commission, the director and the bail bond agent or general bail bond agent may enter into an agreement for a monetary or other penalty pursuant to section 374.280.

4. In addition to any other remedies available, the director may issue a cease and desist order or may seek an injunction in a court of competent jurisdiction pursuant to the provisions of section 374.046 whenever it appears that any person is acting as a bail bond agent or general bail bond agent without a license or violating any other provisions of sections 374.695 to 374.789.

Violations have taken place and somehow filing of such complaint the provisions of chapter 621. Upon a finding by the administrative hearing commission the director may suspend or revoke the license or enter into an agreement for a monetary or other penalty pursuant to section 374.280.

Missouri Statute 621.015. Administrative hearing commission, number of commissioners — qualifications, appointment, terms, compensation. — The "Administrative Hearing Commission" is assigned to the office of administration. It shall consist of no more than five commissioners. The commissioners shall be appointed by the governor with the advice and consent of the senate. The term of each commissioner shall be for six years and until his successor is appointed, qualified and sworn. The commissioners shall be attorneys at law admitted to practice before the supreme court of Missouri, but shall not practice law during their term of office. Each commissioner shall receive annual compensation of fifty-one thousand dollars plus any salary adjustment provided pursuant to section 105.005. Each commissioner shall also be entitled to actual and necessary expenses in the performance of his duties. The office of the administrative hearing commission shall be located in the City of Jefferson and it may employ necessary clerical assistance, compensation and expenses of the commissioners to be paid from appropriations made for that purpose.

Missouri Statute 621.110. Commission's findings and recommendations — hearing by agency on disciplinary action. — Upon a finding in any cause charged by the complaint for which **the license may be suspended or revoked as provided in the statutes and regulations relating to the profession or vocation of the licensee** and within one hundred twenty days of the date the case became ready for decision, the commission shall deliver or transmit by mail to the agency which issued the license the record and a transcript of the proceedings before the commission together with the commission's findings of fact and conclusions of law. **The commission may make recommendations as to appropriate disciplinary action but any such recommendations shall not be binding upon the agency**.... Statute continues. **So how can the commission's findings of fact and conclusions of law, even as provided in the statutes not be binding upon the agency, which is just about this 374 bail/bondsman companies. The two parts of 621.110 contradict each other.**

Missouri Statute 374.280. Civil penalty or forfeiture ordered when, how enforced. — 1. The director may, after a hearing under section 374.046, order a civil penalty or forfeiture payable to the state of Missouri authorized by section 374.049, which penalty or forfeiture, if unpaid within ten days, may be recovered by a civil action brought by and in the name of the director under section 374.048. The civil action may be brought in the county which has venue of an action against the person, partnership or corporation under other provisions of law. The director may also suspend or revoke the license or certificate of authority of such person for any willful violation.

2. Nothing contained in this section shall be construed to prohibit the director and any person subject to an investigation, examination, or other proceeding from agreeing to a voluntary forfeiture of the sum mentioned herein without civil proceedings being instituted. Any sum so agreed upon shall be paid into the school fund as provided by law for other fines and penalties.

In Missouri Statute 374.280 2. in last sentence how is"Any sum so agreed upon shall be paid into the school fund as provided by law for other fines and penalties". What law tells them to paid into the school fund? So why is this statute trying to tell the director to just act with civil penalty and civil action or agreed sum to be paid into the school fund? when State statutes are broken the rest of the public is ticketed or arrested, put in jail, and put through the criminal justice system.

So how does the director not tell the Attorney General of Missouri, a state or local law enforcement that the law has been broken and should issue a warrant for arrest not take place, where is equal protection under the law for the person or people who had their constitutional protected rights taken from them which are in Missouri Constitution Bill of Rights Article I Section 2., Section 10., Section 14., Section 15., Section 19. and The United States Constitution Amendment IV, Amendment V, Amendment VIII, Amendment XIV Section 1., Amendment I

With the above proof of what house arrest and electronic monitoring is as listed in the Missouri Statutes, and the proof that bail/bond companies pay $150 for a license from Department of Insurance, Financial Institutions and Professional Registration. For nonconvicted the illegally electronic monitor by private bail/bond companies which are listed in statute 374.700.1., Which have violated the Missouri Statute 374.717 Prohibited acts. — No insurer or licensee, court, or law enforcement officer shall: (4) Accept anything of value from a principal except the premium and expenses incurred, broke this missouri statue forcing nonconvicted to pay illegally electronic monitor fine. Missouri Statute 374.755.number (4) and (6), (4) Obtaining or attempting to obtain any compensation as a member of the profession licensed by sections 374.695 to 374.775 by means of fraud, deception or misrepresentation; (6) Violation of any provision of or any obligation imposed by the laws of this state, department of insurance, financial institutions and professional registration rules and regulations, or aiding or abetting other persons to violate such laws, orders, rules or regulations, or subpoenas; broke (4) of this missouri statue forcing nonconvicted to pay illegally electronic monitor fine, deception and misrepresentation nonconvicted illegally electronic monitor/GPS tracking and (6) laws of the state 374.717, 374.755(4), 374.700 (10) "Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, nonconvicted illegally electronic monitor/GPS tracking and Broken the laws of the Missouri Constitution Bill of Rights Article I Section 2., Section 10., Section 15. and broken the laws as stated in Constitution of the United States Amendment I, Amendment IV, Amendment V, Amendment VII, Amendment VIII, Amendment XIV.

Missouri Statute 374.764. Alleged violations and complaints, procedure. — 1. The director shall examine and inquire into all alleged violations or complaints filed with the department of insurance, financial institutions and professional registration of the bail bond law of the state, and inquire into and investigate the bail bond business transacted in the state by any bail bond agent, general bail bond agent, or surety recovery agent.

2. The director or any of his or her duly appointed agents may compel the attendance before him or her, and may examine, under oath, the directors, officers, bail bond agents, general bail bond agents, surety recovery agents, employees, or any other person in reference to the condition, affairs, management of the bail bond or surety recovery business, or any matters relating thereto. He or she may administer oaths or affirmations and shall have power to summon and compel the attendance of witnesses and to require and compel the production of records, books, papers, contracts, or other documents if necessary.

3. The director may make and conduct the investigation in person or the director may appoint one or more persons to make and conduct the investigation. If made by a person other than the director, the person duly appointed by the director shall have the same powers as granted to the director pursuant to this section. A certificate of appointment under the official seal of the director shall be sufficient authority and evidence thereof for the person to act. For the purpose of making the investigations, or having the same made, the director may employ the necessary clerical, actuarial, and other assistance. **In Missouri Statute 374.764 2. Can act as a judge now and as stated compel the attendance before him or her, and may examine, under oath, He or she may administer oaths or affirmations and shall have power to summon and compel the attendance of witnesses and to require and compel the production of records, books, papers, contracts, or other documents if necessary. So he does this in his office not in a courtroom? In 3. If director appoints people they just need A certificate of appointment under the official seal of the director shall be sufficient authority and evidence thereof for the person to act. Each of these appointed people can act as judge and any law enforcement agent and require & compel any other person in reference to the condition, affairs, management of the bail bond or surety recovery business, or any matters relating thereto.**

Missouri Statute 374.764. Alleged violations and complaints, procedure. **it violates the United States Constitution Amendment IV The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated,** and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

Amendment V No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces, or in the militia, when in actual service in time of war or public danger; **nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law;** nor shall private property be taken for public use, without just compensation. **Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted. Amendment I Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances. Amendment VI In all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial, by an impartial jury of the state and district wherein the crime shall have been**

committed, which district shall have been previously ascertained by law, and to be informed of the nature and cause of the accusation; to be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the assistance of counsel for his defense. Amendment VII In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any court of the United States, than according to the rules of the common law. Amendment XIV Section 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.

Missouri Statute 374.785. License issued, when — reciprocity — apprehension of defendant, permitted where — fee. 1. The director shall issue a license for a period of two years to any surety recovery agent who is licensed in another jurisdiction and who:

(1) Has no violations, suspensions, or revocations of a license to engage in fugitive recovery in any jurisdiction; and

(2) Is licensed in a jurisdiction whose requirements are substantially equal to or greater than the requirements for a surety recovery agent license in Missouri at the time the applicant applies for a license.

2. Any surety recovery agent who is licensed in another state shall also be subject to the same training requirements as in-state surety recovery agents prescribe to under section 374.784.

3. For the purpose of surrender of the defendant, a surety recovery agent may apprehend the defendant anywhere within the state of Missouri before or after the forfeiture of the undertaking without personal liability for false imprisonment or may empower any surety recovery agent to make apprehension by providing written authority endorsed on a certified copy of the undertaking and paying the lawful fees.

4. Every applicant for a license pursuant to this section, upon making application and showing the necessary qualifications as provided in this section, shall be required to pay the same fee as required of resident applicants. Within the limits provided in this section, the director may negotiate reciprocal compacts with licensing entities of other states for the admission of licensed surety recovery agents from Missouri in other states. **Missouri Statue 374.785. 3. For the purpose of surrender of the defendant, a surety recovery agent may apprehend the defendant anywhere within the state of Missouri before or after the forfeiture of the undertaking without personal liability for false imprisonment or may empower any surety recovery agent to make apprehension by providing written authority endorsed on a certified copy of the undertaking and paying the lawful fees. This violates another Missouri Statute 374.700 (10) "Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, captures and surrenders to the custody of a court a fugitive who has violated a bail bond agreement, excluding a bail bond agent or general bail bond agent; so if a Missouri statute is violated a law is violated so are more Missouri Constitutional rights and United States Constitutional rights, the last sentence in374.785 3. Paying what lawful fees the only fees in 374.700 those (8),(9) and (11)** (8) "Property bail bondsman", **a person who pledges United States currency, United States postal money orders or cashier's checks or other property as security** for a bail bond in connection with a judicial proceeding, and who receives or is **promised therefor money or**

other things of value; (9) "Surety bail bond agent", any person appointed by an insurer by power of attorney to execute or countersign bail bonds in connection with judicial proceedings, **and who receives or is promised money or other things of value therefor;**(11) "Taking a bail" or "take bail", the acceptance by a person authorized to **take bail of the undertaking of a sufficient surety** for the appearance of the defendant according to the terms of the undertaking **or that the surety will pay to the court the sum specified.**

Missouri Statute 374.787. Complaint procedure. — 1. The director may cause a complaint to be filed with the administrative hearing commission as provided by chapter 621 against any surety recovery agent or any person who has failed to renew or has surrendered his or her license for any one or any combination of the following causes:

(1) Violation of any provisions of, or any obligations imposed by, the laws of this state, the department of insurance, financial institutions and professional registration rules and regulations, or aiding or abetting other persons to violate such laws, orders, rules, or regulations; (4) Obtaining or attempting to obtain any compensation as a surety recovery agent by means of fraud, deception, or misrepresentation; (6) Incompetence, misconduct, gross negligence, fraud, or misrepresentation in the performance of the functions or duties of a surety recovery agent; **Violations have taken place taking of money from people who are gps/electronic monitored no were in the chapter of 374 does it state taking of money for gps/electronic monitored which a lot of people have been put on in Missouri for just being charged for a crime, and nonconvicted are paying a excessive fines imposed, which violates United States Constitution Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.**

Missouri Statute 374.788. Apprehension standards for breach of surety agreement or absconding. — 1. A bail bond agent having probable grounds to believe a subject free on his or her bond has failed to appear as directed by a court, has breached the terms of the subject's surety agreement, or has taken a substantial step toward absconding may utilize all lawful means to apprehend the subject. To surrender a subject to a court, a licensed bail bond or surety recovery agent having probable grounds to believe the subject is free on his or her bond may:

(1) Detain the subject in a lawful manner, for a reasonable time, provided that in the event travel from another state is involved, the detention period may include reasonable travel time not to exceed seventy-two hours;

(2) Transport a subject in a lawful manner from state to state and county to county to a place of authorized surrender; and

(3) Enter upon private or public property in a lawful manner to execute apprehension of a subject.

2. A surety recovery agent who apprehends a subject pursuant to the provisions of subsection 1 of this section shall surrender custody of the subject to the court of jurisdiction.

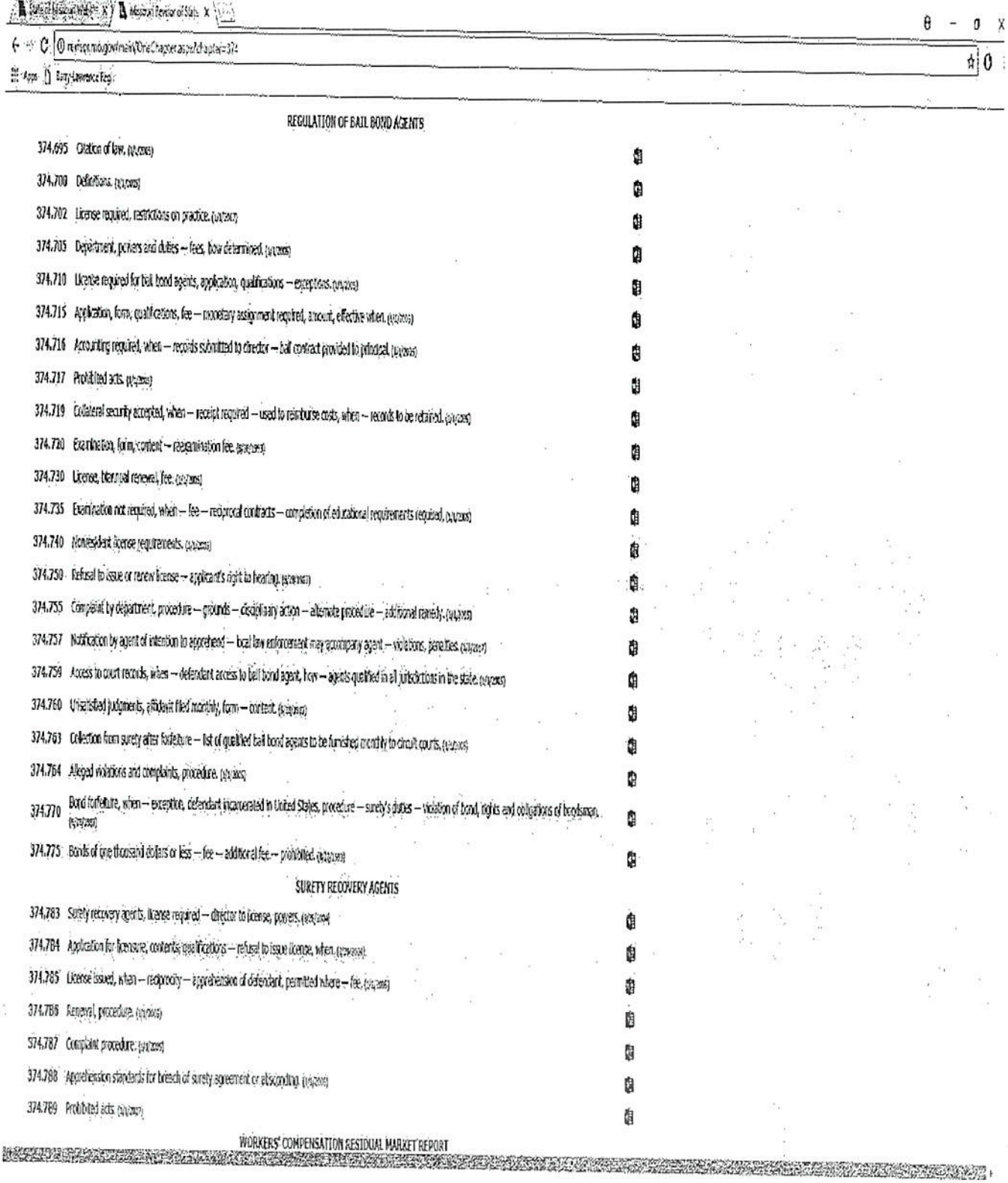
3. When a surety recovery agent is in the process of performing fugitive recovery, a photographic identification card shall be prominently displayed on his or her person.

This violates another Missouri Statute 374.700 (10) "Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, captures and surrenders to the custody of a court a fugitive who has violated a bail bond agreement.

Missouri Statute 374.785 number 3., 374.788 has broken the Missouri statute 374.700(10) and Missouri Statute 374.789. Prohibited acts. 2. each stated hereafter Missouri Statute

374.700 (10) "Surety recovery agent", a person not performing the duties of a sworn peace officer who tracks down, captures and surrenders to the custody of a court a fugitive who has violated a bail bond agreement. Missouri Statute 374.789. Prohibited acts. 2. Any person who engages in fugitive recovery in this state and wrongfully causes damage to any person or property, including, but not limited to, unlawful apprehension, unlawful detainment, or assault, shall be liable for such damages and may be liable for punitive damages. It violates the Missouri Constitution Bill of Rights Article I Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design. Section 10. That no person shall be deprived of life, liberty or property without due process of law. Section 14. That the courts of justice shall be open to every person, and certain remedy afforded for every injury to person, property or character, and that right and justice shall be administered without sale, denial or delay. Section 15. That the people shall be secure in their persons, papers, homes, effects, and electronic communications and data, from unreasonable searches and seizures; and no warrant to search any place, or seize any person or thing, or access electronic data or communication, shall issue without describing the place to be searched, or the person or thing to be seized, or the data or communication to be accessed, as nearly as may be; nor without probable cause, supported by written oath or affirmation. It violates The United States Constitution Amendment IV The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.
Amendment VIII Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted. Amendment XIV Section 1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws. Amendment I Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.

No were in chapter 374.695 to 374.789 does in state gps/electronic monitoring, nor paying fine for gps/electronic monitoring.



REGULATION OF BAIL BOND AGENTS

374.695 Citation of law. (1/1/2015)

374.700 Definitions. (1/1/2015)

374.702 License required, restrictions on practice. (1/1/2015)

374.705 Department, powers and duties – fees, how determined. (1/1/2015)

374.710 License required for bail bond agents, application, qualifications – exceptions. (1/1/2015)

374.715 Application, form, qualifications, fee – monetary assignment required, amount, effective when. (1/1/2015)

374.716 Accounting required, when – records submitted to director – bail contract provided to principal. (1/1/2015)

374.717 Prohibited acts. (1/1/2015)

374.719 Collateral security accepted, when – receipt required – used to reimburse costs, when – records to be retained. (1/1/2015)

374.720 Examination, form, content – reexamination fee. (8/28/2014)

374.730 License, biennial renewal, fee. (1/1/2015)

374.735 Examination not required, when – fee – reciprocal contracts – completion of educational requirements required. (1/1/2015)

374.740 Nonresident license requirements. (1/1/2015)

374.750 Refusal to issue or renew license – applicant's right to hearing. (8/28/2014)

374.755 Complaint by department, procedure – grounds – disciplinary action – alternate procedure – additional remedy. (1/1/2015)

374.757 Notification by agent of intention to apprehend – local law enforcement may accompany agent – violations, penalties. (1/1/2015)

374.759 Access to court records, when – defendant access to bail bond agent, how – agents qualified in all jurisdictions in the state. (1/1/2015)

374.760 Unsatisfied judgments, affidavit filed monthly, form – content. (8/28/2014)

374.763 Collection from surety after forfeiture – list of qualified bail bond agents to be furnished monthly to circuit courts. (1/1/2015)

374.764 Alleged violations and complaints, procedure. (1/1/2015)

374.770 Bond forfeiture, when – exception, defendant incarcerated in United States, procedure – surety's duties – violation of bond, rights and obligations of bondsman. (8/28/2014)

374.775 Bonds of one thousand dollars or less – fee – additional fee – prohibited. (8/28/2014)

SURETY RECOVERY AGENTS

374.783 Surety recovery agents, license required – director to license, powers. (8/28/2014)

374.784 Application for licensure, contents; qualifications – refusal to issue license, when. (8/28/2014)

374.785 License issued, when – reciprocity – apprehension of defendant, permitted where – fee. (8/28/2014)

374.786 Renewal, procedure. (1/1/2015)

374.787 Complaint, procedure. (1/1/2015)

374.788 Apprehension standards for breach of surety agreement or absconding. (1/1/2015)

374.789 Prohibited acts. (1/1/2015)

WORKERS' COMPENSATION RESIDUAL MARKET REPORT

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 22, 2017

RECEIVED
AUG 22 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Brian Hagg regarding a proposed statutory amendment to Chapter 559 (2018-267)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Brian Hagg on August 18, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
AUG 22 2017
MO SECRETARY OF STATE

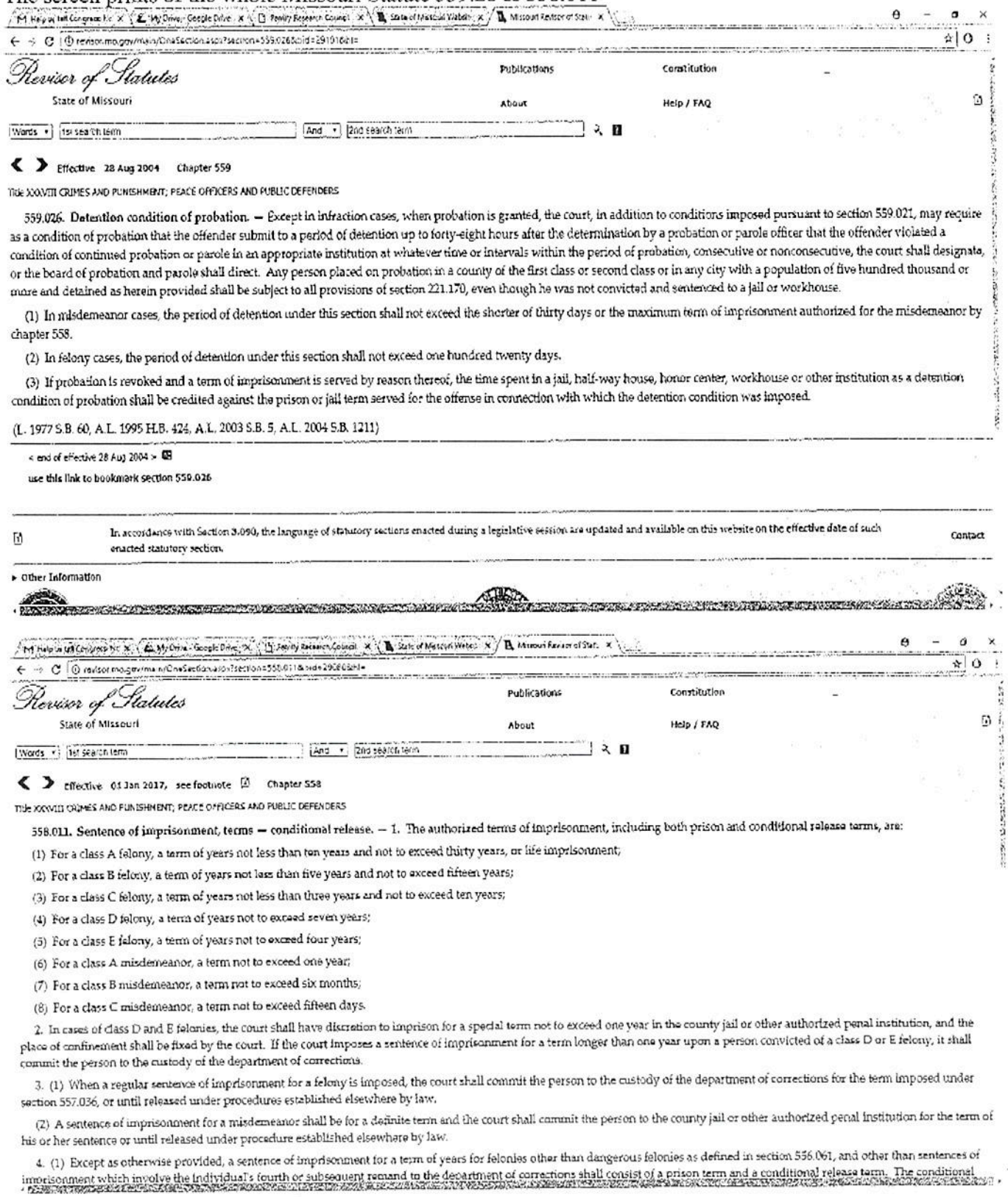
Missouri Statute **559.026 Detention condition of probation.** Any person placed on probation in a county of the first class or second class or in any city with a population of five hundred thousand or more and detained as herein provided shall be subject to all provisions of section 221.170, **even though he was not convicted and sentenced to a jail or workhouse.**(1) In misdemeanor cases, the period of detention under this section shall **not exceed the shorter of thirty days or the maximum term of imprisonment authorized for the misdemeanor by chapter 558.** (2) In felony cases, the period of detention under this section shall not exceed one hundred twenty days....Not the Whole Missouri Statute its Screen printed on the next page.

Missouri Statute **558.011. Sentence of imprisonment, terms — conditional release.** — 1. The authorized terms of imprisonment, including both prison and conditional release terms, are: (1) For a class A felony, a term of years not less than ten years and not to exceed thirty years, or life imprisonment;(2) For a class B felony, a term of years not less than five years and not to exceed fifteen years;(3) For a class C felony, a term of years not less than three years and not to exceed ten years; (4) For a class D felony, a term of years not to exceed seven years;(5) For a class E felony, a term of years not to exceed four years; **(6) For a class A misdemeanor, a term not to exceed one year; (7) For a class B misdemeanor, a term not to exceed six months; (8) For a class C misdemeanor, a term not to exceed fifteen days...**Not the whole Missouri Statute its Screen printed on the next page.

In the Last paragraph of 559.026the first, second class city or a population of five hundred thousand or more and detained as herein provided shall be subject to all provisions of section 221.170, **even though he was not convicted and sentenced to a jail or workhouse. How can someone not convicted & sentenced be placed in detention? Was not convicted & and sentenced to a jail or workhouse. Then Missouri Statute 559.012 Did not take place so points (1) and (2) is the reason probation is given. So what probation is the not convicted on that they get detention?** Missouri Statute 559.012. Eligible for probation, when. — The court may place **a person on probation for a specific period upon conviction of any offense or upon suspending imposition of sentence** if, having regard to the nature and circumstances of the offense and to the history and character of the defendant, the court is of the opinion that: (1) Institutional confinement of the defendant is not necessary for the protection of the public; and (2) The defendant is in need of guidance, training or other assistance which, in his or her case, can be effectively administered through probation supervision.

Point 1 of Missouri Statute 559.26 Detention condition of probation **not exceed the shorter of thirty days or the maximum term of imprisonment authorized for the misdemeanor by chapter 558, the Statute give a misdemeanor offender more imprisonment than a Felony offender.** Missouri Statute 559.26 **also violates the class C misdemeanor, a term not to exceed fifteen days stated in 558.011, by giving them not exceed the shorter of thirty days.** Violates the United States Constitutional Amendment VIII **Excessive bail shall not be required, nor excessive fines imposed,** nor cruel and unusual punishments inflicted. Also Amendment XIVSection **1.All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law;** nor deny to any person within its jurisdiction the equal protection of the laws.

The screen prints of the whole Missouri Statute 559.26 & 558.011



Revisor of Statutes
State of Missouri

Publications Constitution
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Effective 28 Aug 2004 Chapter 559

Title XXVIII CRIMES AND PUNISHMENT; PEACE OFFICERS AND PUBLIC DEFENDERS

559.026. Detention condition of probation. — Except in infraction cases, when probation is granted, the court, in addition to conditions imposed pursuant to section 559.021, may require as a condition of probation that the offender submit to a period of detention up to forty-eight hours after the determination by a probation or parole officer that the offender violated a condition of continued probation or parole in an appropriate institution at whatever time or intervals within the period of probation, consecutive or nonconsecutive, the court shall designate, or the board of probation and parole shall direct. Any person placed on probation in a county of the first class or second class or in any city with a population of five hundred thousand or more and detained as herein provided shall be subject to all provisions of section 221.170, even though he was not convicted and sentenced to a jail or workhouse.

(1) In misdemeanor cases, the period of detention under this section shall not exceed the shorter of thirty days or the maximum term of imprisonment authorized for the misdemeanor by chapter 558.

(2) In felony cases, the period of detention under this section shall not exceed one hundred twenty days.

(3) If probation is revoked and a term of imprisonment is served by reason thereof, the time spent in a jail, half-way house, honor center, workhouse or other institution as a detention condition of probation shall be credited against the prison or jail term served for the offense in connection with which the detention condition was imposed.

(L. 1977 S.B. 60, A.L. 1995 H.B. 424, A.L. 2003 S.B. 5, A.L. 2004 S.B. 1211)

< end of effective 28 Aug 2004 >

use this link to bookmark section 559.026

In accordance with Section 3.090, the language of statutory sections enacted during a legislative session are updated and available on this website on the effective date of such enacted statutory section.

Contact

Other Information

Revisor of Statutes
State of Missouri

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Effective 01 Jan 2017, see footnote Chapter 558

Title XXVIII CRIMES AND PUNISHMENT; PEACE OFFICERS AND PUBLIC DEFENDERS

558.011. Sentence of imprisonment, terms — conditional release. — 1. The authorized terms of imprisonment, including both prison and conditional release terms, are:

(1) For a class A felony, a term of years not less than ten years and not to exceed thirty years, or life imprisonment;

(2) For a class B felony, a term of years not less than five years and not to exceed fifteen years;

(3) For a class C felony, a term of years not less than three years and not to exceed ten years;

(4) For a class D felony, a term of years not to exceed seven years;

(5) For a class E felony, a term of years not to exceed four years;

(6) For a class A misdemeanor, a term not to exceed one year;

(7) For a class B misdemeanor, a term not to exceed six months;

(8) For a class C misdemeanor, a term not to exceed fifteen days.

2. In cases of class D and E felonies, the court shall have discretion to imprison for a special term not to exceed one year in the county jail or other authorized penal institution, and the place of confinement shall be fixed by the court. If the court imposes a sentence of imprisonment for a term longer than one year upon a person convicted of a class D or E felony, it shall commit the person to the custody of the department of corrections.

3. (1) When a regular sentence of imprisonment for a felony is imposed, the court shall commit the person to the custody of the department of corrections for the term imposed under section 557.036, or until released under procedures established elsewhere by law.

(2) A sentence of imprisonment for a misdemeanor shall be for a definite term and the court shall commit the person to the county jail or other authorized penal institution for the term of his or her sentence or until released under procedure established elsewhere by law.

4. (1) Except as otherwise provided, a sentence of imprisonment for a term of years for felonies other than dangerous felonies as defined in section 556.061, and other than sentences of imprisonment which involve the individual's fourth or subsequent remand to the department of corrections shall consist of a prison term and a conditional release term. The conditional

County _____
Page _____

It is a class A misdemeanor punishable, not withstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
AUG 15 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____.

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street)	(City, Town, or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						
14.						
15.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20_____

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

RECEIVED
AUG 15 2017
MO. SECRETARY OF STATE

Be it enacted by the People of the state of Missouri, as follows:

Section A. Sections 192.005, 263.250, 311.610, 311.620, 311.630 and 311.660 RSMo, are amended and thirty-three new sections are enacted to be known as sections 195.018, 195.900, 195.903, 195.906, 195.909, 195.912, 195.915, 195.918, 195.921, 195.924, 195.927, 195.930, 195.933, 195.936, 195.939, 195.942, 195.945, 195.948,195.951, 195.954, 195.957, 195.960, 195.961, 195.963, 195.966, 195.969, 195.972, 195.975, 195.978, 195.981, 195.982, 195.984 and 195.985 to read as follows:

192.005. There is hereby created and established as a department of state government the "Department of Health and Senior Services". The department of health and senior services shall supervise and manage all public health functions and programs. The department shall be governed by the provisions of the Omnibus State Reorganization Act of 1974, Appendix B, RSMo, unless otherwise provided in sections 192.005 to 192.014. The division of health of the department of social services, chapter 191, this chapter, and others, including, but not limited to, such agencies and functions as the state health planning and development agency, the crippled children's service*, chapter 201, the bureau and the program for the prevention of developmental disability, the hospital subsidy program, chapter 189, the state board of health, section 191.400, the student loan program, sections 191.500 to 191.550, the family practice residency program, the licensure and certification of hospitals, chapter 197, the Missouri chest hospital, sections 199.010 to 199.070**, are hereby transferred to the department of health and senior services by a type I transfer, and the state cancer center and cancer commission, chapter 200, is hereby transferred to the department of health and senior services by a type III transfer as such transfers are defined in section 1 of the Omnibus State Reorganization Act of 1974, Appendix B, RSMo Supp. 1984. The provisions of section 1 of the Omnibus State Reorganization Act of 1974, Appendix B, RSMo Supp. 1984, relating to the manner and procedures for transfers of state agencies shall apply to the transfers provided in this section. The division of health of the department of social services is abolished. The department of health and senior services shall have the duties and powers set forth in sections 195.900 to 195.985.

195.018. The provisions of section 195.017 shall not apply to any product used as authorized by sections 195.900 to 195.985.

195.900. 1. Sections 195.900 to 195.985 shall be known and may be cited as the "Missouri Patient Care Act".

2. (1) Sections 195.900 to 195.985 shall be deemed an exercise of the police powers of the state for the protection of the economic and social welfare and the health, peace, and morals of the people of this state.

(2) It shall be unlawful under state law to cultivate, manufacture, distribute, test, possess, or sell medical cannabis, except in compliance with the terms, conditions, limitations, and restrictions in sections 195.900 to 195.985.

(3) This section is intended to permit state-licensed physicians to certify that a patient has a qualifying medical condition and that the physician is treating or managing treatment of the

patient's qualifying medical condition in the course of a bona fide physician-patient relationship, after the physician has completed an assessment of the qualifying patient's medical history, reviewed relevant records related to the patient's qualifying medical condition, and conducted a physical examination.

(4) This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale, possession, and purchase of cannabis for medical use. This section is not intended to change current civil and criminal laws governing the use of cannabis for nonmedical purposes. The section does not allow for the public use of cannabis and driving under the influence of cannabis.

3. As used in sections 195.900 to 195.985, the following terms shall mean:

(1) "Adequate supply", 2.5 ounces of cannabis flower or its equivalent in cannabis concentrate or cannabis product during a period of fourteen days and that is derived solely from a licensed intrastate source. Subject to the rules of the department of health and senior services, a patient may apply for a waiver to possess more than 2.5 ounces for a fourteen-day period if a physician provides a substantial medical basis in a signed written statement asserting that, based on the patient's medical history and in the physician's professional judgment, 2.5 ounces is an insufficient adequate supply for a fourteen-day period to properly alleviate the patient's qualifying medical condition or symptoms associated with the qualifying medical condition. A qualifying patient may possess no more than a sixty-day supply of cannabis flower or its equivalent in cannabis concentrate or cannabis product.

(2) "Administer", the direct application of cannabis to a qualifying patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other cannabis-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming cannabis-infused food products; or

(f) Any other method recommended by a qualifying patient's physician.

(3) "Cannabis", all parts of the plant genus Cannabis in any species or form thereof, including, but not limited to, Cannabis Sativa L., Cannabis Indica, Cannabis Americana, Cannabis Ruderalis, and Cannabis Gigantea, whether growing or not, the seeds thereof, the resin extracted from any part of the plant; and every compound, manufacture, derivative, mixture, or preparation of the plant, its seeds or resin. It does not include the mature stalks of the plant; fiber produced from the stalks; oil or cake made from the seeds of the plant; any other compound,

manufacture, salt, derivative, mixture, or preparation of the mature stalks except the resin extracted therefrom; fiber, oil, or cake; or the sterilized seed of the plant which is incapable of germination.

(4) "Cannabis plant monitoring system", an electronic seed-to-sale tracking system that includes, but is not limited to, testing and data collection established and maintained by the licensed medical cannabis cultivation and production facility and the medical cannabis center and available to the division for the purposes of documenting each cannabis plant and for monitoring plant development throughout the life cycle of a cannabis plant cultivated for the intended use by a qualifying patient from seed planting, cloning, or other method of propagation, to final packaging and sale to a qualifying patient.

(5) "Cannabis products", concentrated cannabis, cannabis extracts, and products that are infused with cannabis or an extract thereof and are intended for use or consumption. The term includes, without limitation, edible cannabis products, beverages, topical products, ointments, oils, and tinctures.

(6) "Caregiver", a natural person, other than the qualifying patient or the qualifying patient's physician, who is twenty-one years of age or older and has significant responsibility for managing the well-being of a qualifying patient and who is designated as such on the caregiver's application for an identification card under this section.

(7) "Department", the department of health and senior services.

(8) "Division", the division of alcohol and tobacco control within the department of public safety.

(9) "Entity", a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other entity.

(10) "Good cause", for purposes of refusing or denying a license renewal, reinstatement, or initial license issuance:

(a) The license applicant has violated, does not meet, or has failed to comply with any of the terms, conditions, or provisions of sections 195.900 to 195.985, any rules promulgated thereunder, or any supplemental local law, rules, or regulations;

(b) The licensee or applicant has failed to comply with any special terms or conditions that were placed on its license under an order of the state or local licensing authority; or

(c) The licensed premises have been operated in a manner that adversely affects the public health or welfare or the safety of the immediate neighborhood in which the establishment is located.

(11) "License", a license or registration under sections 195.900 to 195.985.

(12) "Licensed premises", the premises specified in an application for a license under sections 195.900 to 195.985, which are owned or in possession of the licensee and within which the licensee is authorized to cultivate, manufacture, distribute, test, possess, or sell medical cannabis in accordance with the provisions of sections 195.900 to 195.985.

(13) "Licensee", a person licensed or registered under sections 195.900 to 195.985.

(14) "Limited access area", a building, room, or other contiguous area upon the licensed premises where medical cannabis is grown, cultivated, stored, weighed, displayed, packaged, sold, or possessed for sale, under control of the licensee, with limited access to only those persons licensed by the division, and visitors and vendors as provided by rule. All areas of ingress or egress to limited access areas shall be clearly identified as such by a sign as designated by the division.

(15) "Local licensing authority", an authority designated by municipal or county charter or ordinance.

(16) "Medical cannabis", cannabis that is grown and sold under sections 195.900 to 195.985 for a purpose authorized under sections 195.900 to 195.985.

(17) "Medical cannabis center", a person licensed under sections 195.900 to 195.985 to operate a business as described in sections 195.900 to 195.985 that acquires, possesses, stores, delivers, transfer, transports, sells, supplies or dispenses cannabis, cannabis products, medical cannabis, paraphernalia or related supplies to registered qualifying patients or caregivers, or other licensed medical cannabis centers.

(18) "Medical cannabis cultivation and production facility", a person licensed under sections 195.900 to 195.985 to operate a business as described in section 195.954.

(19) "Medical cannabis-infused product", a product infused with medical cannabis that is intended for use or consumption other than by smoking, including, but not limited to edible cannabis products, beverages, topical products, ointments, oils, and tinctures or smokeless vaporizing devices. Such products, when manufactured or sold by a licensed medical cannabis center, shall not be considered a drug for the purposes of chapter 196.

(20) "Medical cannabis testing facility", an independent entity licensed, approved, and certified by the division pursuant to this act to analyze the safety and potency of cannabis and as otherwise provided under sections 195.900 to 195.985.

(21) "Medical use", the production, possession, distribution, transportation, or administration of cannabis or a cannabis-infused product, for the benefit of a qualifying patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(22) "Person", a natural person, partnership, association, company, corporation, limited liability company, or organization, or a manager, agent, owner, director, servant, officer, or employee thereof.

(23) "Premises", a distinct and definite location, which may include a building, a part of a building, a room, or any other definite contiguous area.

(24) "Qualifying medical condition", the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including, but not limited to, those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, post-traumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of cannabis could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis (ALS), inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(25) "Qualifying patient", a Missouri resident diagnosed with at least one qualifying medical condition.

(26) "Smokeless vaporizing device", a medical-grade vaporizer delivery device capable of administering the active ingredients of a metered dose of medical cannabis via inhalation without combustion by-products.

(27) "State licensing authority", the division of alcohol and tobacco control which is responsible for regulating and controlling the licensing of the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis in this state.

(28) "Written certification", a document dated and signed by a physician, stating:

(a) That the qualifying patient has a qualifying medical condition and specifying the qualifying medical condition the qualifying patient has; and

(b) That the physician is treating or managing treatment of the patient's qualifying medical condition.

195.903. 1. For the purpose of regulating and controlling the licensing of the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis in this state, the division of alcohol and tobacco control is hereby designated as the state licensing authority.

2. The state supervisor of the division may employ such officers and employees as may be determined to be necessary, with such officers and employees being part of the division. No moneys shall be appropriated to the division from the general revenue fund for the operation of sections 195.900 to 195.985, nor shall the division expend any general revenue fund moneys for the operation of sections 195.900 to 195.985. Notwithstanding any other provision of law, the division, the Commissioner of Administration, and the State Treasurer are authorized to receive and disburse funds from any source, public or private, as may assist the prompt implementation of this Act.

195.906. 1. The division shall:

(1) Grant or refuse state licenses for the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis as provided by law; suspend, fine, restrict, or revoke such licenses upon a violation of sections 195.900 to 195.985, or a rule promulgated under sections 195.900 to 195.985; and impose any penalty authorized by sections 195.900 to 195.985, or any rule promulgated under sections 195.900 to 195.985. The division may take any action with respect to a registration under sections 195.900 to 195.985 as it may with respect to a license under sections 195.900 to 195.985, in accordance with the procedures established under sections 195.900 to 195.985;

(2) Establish, revise, and amend rules and regulations as necessary to carry into effect the provisions of sections 195.900 to 195.985;

(3) Upon denial of a state license, provide written notice of the grounds for such denial of a state license to the applicant and to the local authority and the right of the applicant to a hearing before the administrative hearing commission under subsection 2 of section 195.924;

(4) Maintain the confidentiality of patient records, reports obtained from licensees showing the sales volume or quantity of medical cannabis sold, or any other records that are exempt from inspection under state law;

(5) Develop such forms, licenses, identification cards, and applications as are necessary in the discretion of the division for the administration of sections 195.900 to 195.985 or any of the rules promulgated under sections 195.900 to 195.985; and

(6) Prepare and submit an annual report accounting to the governor for the efficient discharge of all responsibilities assigned by law or directive to the state licensing authority.

2. (1) Rules promulgated under subdivision (2) of subsection 1 of this section shall include, but not be limited to, the following:

(a) Compliance with, enforcement, or violation of any provision of sections 195.900 to 195.985, or any rule issued under sections 195.900 to 195.985, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license issued under sections 195.900 to 195.985;

(b) Specifications of duties of officers and employees of the division;

(c) Instructions for local licensing authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the division;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed under sections 195.900 to 195.985, including a fingerprint-based criminal record check as may be required by the division prior to issuing a card;

(i) Identification of state licensees and their owners, officers, managers, and employees;

(j) Security requirements for any premises licensed under sections 195.900 to 195.985, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the division to properly administer and enforce the provisions of sections 195.900 to 195.985, including reporting requirements for changes, alterations, or modifications to the premises;

(k) Regulation of the storage of, warehouses for, and transportation of medical cannabis;

(l) Sanitary requirements for medical cannabis centers and medical cannabis cultivation and production facilities, including, but not limited to, sanitary requirements for the preparation of medical cannabis-infused products;

(m) The specification of acceptable forms of picture identification that a medical cannabis center may accept when verifying a sale;

(n) Labeling standards, including, but not limited to, the serving size of active THC per serving and total servings per package;

(o) Testing standards;

(p) Records to be kept by licensees and the required availability of the records;

(q) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(r) The reporting and transmittal of monthly sales tax payments by medical cannabis centers;

(s) Authorization for the department of revenue to have access to licensing information to ensure sales and income tax payment and effective administration of sections 195.900 to 195.985;

(t) Authorization for the division to impose administrative penalties and procedures of issuing, appealing, and creating a violation list and schedule of administrative penalties; and

(u) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of sections 195.900 to 195.985.

(2) The prompt implementation of this Missouri Patient Care Act is necessary to avoid immediate danger to the public health, safety and welfare. The division is authorized to use the emergency rulemaking procedures set out in section 536.025, and shall promulgate emergency rules by March 6, 2019, and also to file a notice of rulemaking as provided in section 536.025 by March 6, 2019.

(3) Nothing in sections 195.900 to 195.985 shall be construed as delegating to the division the power to fix prices for medical cannabis.

195.909. 1. A local licensing authority may issue only the following medical cannabis licenses upon payment of the fee and compliance with all local licensing requirements to be determined by the local licensing authority:

(1) A medical cannabis center license; and

(2) A medical cannabis cultivation and production facility license.

2. (1) A local licensing authority shall not issue a local license within a municipality or the unincorporated portion of a county unless the governing body of the municipality has adopted an ordinance or the governing body of the county has adopted a resolution containing specific standards for license issuance, or if no such ordinance or resolution is adopted prior to June 1, 2019, a local licensing authority shall consider the minimum licensing requirements of this section when issuing a license.

(2) In addition to all other standards applicable to the issuance of licenses under sections 195.900 to 195.985, the local governing body may adopt additional standards for the issuance of medical cannabis center or medical cannabis cultivation and production facility licenses consistent with the intent of sections 195.900 to 195.985 that may include, but not be limited to:

(a) Distance restrictions between premises for which local licenses are issued; and

(b) Any other requirements necessary to ensure the control of the premises and the ease of enforcement of the terms and conditions of the license.

3. Local governments may limit the use of land for operation of medical cannabis centers and medical cannabis cultivation and production facilities to specified areas as to time, place, and manner of such facilities. Local zoning approval shall be made by the governing body of the municipality if the premises are located in the municipality, or by the governing body of the county if the premises are located in the unincorporated portion of the county. The operation of sections 195.900 to 195.985 shall be statewide unless a municipality, county, or city, by a two-thirds majority of the registered voters voting at a regular election or special election called in accordance with state law, vote to prohibit the operation of medical cannabis centers and medical cannabis cultivation and production facilities in the municipality, county, or city.

4. An application for a license specified in subsection 1 of this section shall be filed with the appropriate local licensing authority on forms provided by the state licensing authority and shall contain such information as the state licensing authority may require and any forms as the local licensing authority may require. Each application shall be verified by the oath or affirmation of the persons prescribed by the state licensing authority.

5. An applicant shall file with the application for a local license, plans and specifications for the interior of the building if the building to be occupied is in existence at the time. If the building is not in existence, the applicant shall file a plot plan and a detailed sketch for the interior and submit an architect's drawing of the building to be constructed. In its discretion, the local or state licensing authority may impose additional requirements necessary for the approval of the application.

195.912. 1. Upon receipt of an application for a local license, except an application for renewal or for transfer of ownership, a local licensing authority shall schedule and hold a public hearing upon the application to be held not less than thirty days after the date of the application, but not more than ninety days from the date of the application. If the local licensing authority fails to hold a public hearing within such time lines, the application shall be considered

approved. If the local licensing authority schedules a hearing for a medical cannabis center application and/or a medical cannabis cultivation and production facility application, it shall post and publish public notice thereof not less than ten days prior to the hearing. The local licensing authority shall give public notice by the posting of a sign in a conspicuous place on the medical cannabis center premises and/or the medical cannabis cultivation and production facility premises for which application has been made and by publication in a newspaper of general circulation in the county in which the medical cannabis center premises and/or the medical cannabis cultivation and production premises are located.

2. Public notice given by posting shall include a sign of suitable material, not less than twenty-two inches wide and twenty-six inches high, composed of letters not less than one inch in height and stating the type of license applied for, the date of the hearing, the name and address of the applicant, and such other information as may be required to fully apprise the public of the nature of the application. The sign shall contain the names and addresses of the officers, directors, or manager of the facility to be licensed.

3. Public notice given by publication shall contain the same information as that required for signs.

4. If the building in which medical cannabis is to be cultivated, manufactured, distributed, possessed, or sold is in existence at the time of the application, a sign posted as required in subsections 1 and 2 of this section shall be placed so as to be conspicuous and plainly visible to the general public. If the building is not constructed at the time of the application, the applicant shall post a sign at the premises upon which the building is to be constructed in such a manner that the notice shall be conspicuous and plainly visible to the general public.

5. (1) A local licensing authority, or a license applicant with the authorization of the local licensing authority, may request that the state licensing authority conduct a concurrent review of a new license application prior to the local licensing authority's final approval of the license application. Local licensing authorities who permit concurrent review shall continue to independently review the applicant's license application.

(2) When conducting a concurrent application review, the state licensing authority may advise the local licensing authority of any items it finds that may result in the denial of the license application. Upon correction of the noted discrepancies if the correction is permitted by the state licensing authority, the state licensing authority shall notify the local licensing authority of its conditional approval of the license application subject to the final approval by the local licensing authority. The state licensing authority shall then issue the applicant's state license upon receiving evidence of final approval by the local licensing authority.

(3) All applications submitted for concurrent review shall be accompanied by all applicable state license and application fees. Any applications which are later denied or withdrawn may allow for a refund of license fees only. All application fees provided by an applicant shall be retained by the respective licensing authority.

195.915. 1. Not less than five days prior to the date of the public hearing authorized in section 195.912, the local licensing authority shall make known its findings, based on its investigation, in writing to the applicant and other parties of interest. The local licensing authority has authority to refuse to issue a license provided for in this section for good cause, subject to judicial review.

2. Before entering a decision approving or denying the application for a local license, the local licensing authority may consider, except where sections 195.900 to 195.985 specifically provides otherwise, the facts and evidence adduced as a result of its investigation, as well as any other facts pertinent to the type of license for which application has been made, including the number, type, and availability of medical cannabis outlets located in or near the premises under consideration, and any other pertinent matters affecting the qualifications of the applicant for the conduct of the type of business proposed. A local licensing authority may only issue a medical cannabis center license and a medical cannabis cultivation and production facility license upon payment of the fee and compliance with all local licensing authority.

3. Within thirty days after the public hearing or completion of the application investigation, a local licensing authority shall issue its decision approving or denying an application for local licensure. The decision shall be in writing and shall state the reasons for the decision. The local licensing authority shall send a copy of the decision by certified mail to the applicant at the address shown on the application.

4. After approval of an application, a local licensing authority shall not issue a local license until the building in which the business to be conducted is ready for occupancy with such furniture, fixtures, and equipment in place as are necessary to comply with the applicable provisions of sections 195.900 to 195.985, and then only after the local licensing authority has inspected the premises to determine that the applicant has complied with the architect's drawing and the plot plan and detailed sketch for the interior of the buildings submitted with the application.

5. After approval of an application for local licensure, the local licensing authority shall notify the state licensing authority of such approval, who shall investigate and either approve or disapprove the application for state licensure.

195.918. 1. (1) The division may restrict the number of licenses granted for medical cannabis cultivation and production facilities, provided, however, that number may not be limited to fewer than one license per every one hundred thousand inhabitants of the state of Missouri, according to the most recent census of the United States. Each facility in operation shall require a separate license but multiple licenses may be utilized in a premises. The license shall be valid for one year from its date of issuance and shall be renewable, except for good cause. No more than three medical cannabis and production facility licenses shall be issued to any person under substantially common control, ownership, or management. At least one medical cannabis center license shall be issued for each medical cannabis cultivation and production facility license.

(2) The division may restrict the numbers of licenses granted for medical cannabis centers, provided, however, that number may not be limited to fewer than one license per every one hundred thousand inhabitants of the state of Missouri, according to the most recent census of the United States, except that, an applicant for a medical cannabis center license may be approved for an additional two medical cannabis center licenses in accordance with subdivision (3) of this subsection. Such additional medical cannabis center licenses shall not be counted toward the statewide limit for medical cannabis centers. A license shall be valid for one year from its date of issuance and shall be renewable, except for good cause.

(3) Licenses shall be geographically disbursed by the division, in consultation with the department of health and senior services, based on the demographics of the state and patient demand to ensure statewide access for patients. If more than the statewide limit for medical cannabis centers are necessary to provide sufficient patient access, a medical cannabis cultivation and production facility licensee may be approved for up to an additional two medical cannabis center licenses, subject to approval by the local licensing authority and the division.

2. Before the division of alcohol and tobacco control issues a state license to an applicant, the applicant shall procure and file with the division evidence of a good and sufficient bond in the amount of five thousand dollars with corporate surety thereon duly licensed to do business with the state, approved as to form by the state attorney general, and conditioned that the applicant shall report and pay all sales and use taxes due to the state, or for which the state is the collector or collecting agent, in a timely manner, as provided in law.

3. A corporate surety shall not be required to make payments to the state claiming under such bond until a final determination of failure to pay taxes due to the state has been made by the division or a court of competent jurisdiction.

4. All bonds required under this section shall be renewed at such time as the bondholder's license is renewed. The renewal may be accomplished through a continuation certificate issued by the surety.

195.921. 1. Applications for a state license under the provisions of sections 195.900 to 195.985 shall be made to the division on forms prepared and furnished by the division and shall set forth such information as the division may require to enable the division to determine whether a state license shall be granted. The information shall include the name and address of the applicant, the names and addresses of the officers, directors, or managers, and all other information deemed necessary by the division. Each application shall be verified by the oath or affirmation of such person or persons as the division may prescribe.

2. Within one hundred eighty days of the effective date of this section, the division shall make available to the public license application forms and application instructions for medical cannabis cultivation and production facilities, medical cannabis center facilities, and medical cannabis testing facilities. The division shall begin accepting license and certification applications no later than two hundred forty days after the effective date of this section.

Applications for licenses and certifications shall be approved or denied by the division no later than one hundred twenty days after their submission.

3. The division shall not issue a state license under this section until the local licensing authority has approved the application for a local license and issued a local license as provided for in sections 195.909 to 195.918.

4. Nothing in sections 195.900 to 195.985 shall preempt or otherwise impair the power of a local government to enact ordinances or resolutions concerning matters authorized to local governments.

195.924. 1. The division shall deny a state license if the premises on which the applicant proposes to conduct its business does not meet the requirements of sections 195.900 to 195.985.

2. If the division denies a state license under subsection 1 of this section, the applicant shall be entitled to a hearing before the administrative hearing commission. The division shall provide written notice of the grounds for denial of the state license to the applicant and to the local licensing authority at least fifteen days prior to the hearing.

195.927. 1. A license provided by sections 195.900 to 195.985 shall not be issued to or held by:

(1) A person until the annual fee has been paid;

(2) A person under twenty-one years of age;

(3) A person licensed under sections 195.900 to 195.985 who during a period of licensure or who at the time of application has failed to:

(a) Provide a surety bond, proof of assets, or file any tax return with a taxing agency;

(b) Avoid delinquency in the payment of any state income taxes, personal property taxes, municipal taxes, or real property taxes;

(c) Pay any judgments due to a government agency;

(d) Stay out of default on a government-issued student loan;

(e) Pay child support; or

(f) Remedy an outstanding delinquency for taxes owed, an outstanding delinquency for judgments owed to a government agency, or an outstanding delinquency for child support.

(4) A person who has discharged a sentence in the ten years immediately preceding the application date for a conviction of a felony or a person who at any time has been convicted of a

felony under any state or federal law regarding the possession, distribution, or use of a controlled substance;

(5) A person who employs another person at a medical cannabis center, a medical cannabis cultivation and production facility, or a medical cannabis testing facility who has not passed a criminal background check;

(6) A sheriff, deputy sheriff, police officer, or prosecuting officer, or any officer or employee of the division or a local licensing authority;

(7) A person whose authority to be a caregiver as defined in sections 195.900 to 195.985 has been revoked by the department; or

(8) A person who holds a license for a location that is currently licensed as a retail food establishment or wholesale food registrant.

2. The provisions of section 324.010.1 shall apply to sections 195.900 to 195.985.

3. All medical cannabis cultivation and production facility licensees and all medical cannabis center licensees shall be held by entities that are sixty percent or more owned by natural persons who have been bona fide residents of the state of Missouri for at least three years continuously immediately prior to the date of filing of application for such licenses. Notwithstanding the foregoing, medical cannabis cultivation and production facility licensees and medical cannabis center licensees may be held by entities with no greater than a forty percent interest owned by natural persons who have not been citizens of the state of Missouri for at least three years continuously immediately prior to the date of filing of application for such licenses.

4. (1) In investigating the qualifications of an applicant or a licensee, the division shall have access to criminal background check information furnished by a criminal justice agency subject to any restrictions or costs imposed by such agency. In addition to considering the applicant's criminal background check information, the division shall also consider any information provided by the applicant regarding such criminal background check, including, but not limited to, evidence of rehabilitation, character references, and educational achievements, especially those items pertaining to the period of time between the applicant's last criminal conviction and the consideration of the application for a state license.

(2) As used in subdivision (1) of this subsection, "criminal justice agency" means any federal, state, or municipal court or any governmental agency or subunit of such agency that administers criminal justice under a statute or executive order and that allocates a substantial part of its annual budget to the administration of criminal justice.

(3) At the time of filing an application for issuance or renewal of a state medical cannabis center license, a medical cannabis cultivation and production facility license, or a medical cannabis testing facility license, an applicant shall submit a set of his or her fingerprints and file personal history information concerning the applicant's qualifications for a state license on forms

prepared by the division. The division shall submit the fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol shall forward the fingerprints to the Federal Bureau of Investigation for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted in accordance with section 43.543, and fees shall be paid in accordance with section 43.530. The division may acquire a name-based criminal background check for an applicant or a license holder who has twice submitted to a fingerprint-based criminal background check and whose fingerprints are unclassifiable. The division shall use the information resulting from the fingerprint-based criminal history record check to investigate and determine whether an applicant is qualified to hold a state license under sections 195.900 to 195.985. The division may verify any of the information an applicant is required to submit.

195.930. The division or a local licensing authority shall not receive or act upon an application for the issuance of a state or local license under sections 195.900 to 195.985:

(1) If the application for a state or local license concerns a particular location that is the same as or within one thousand feet of a location for which, within the two years immediately preceding the date of the application, the division or a local licensing authority denied an application for the same class of license due to the nature of the use or other concern related to the location;

(2) Until it is established that the applicant is or shall be entitled to possession of the premises for which application is made under a lease, rental agreement, or other arrangement for possession of the premises or by virtue of ownership of the premises;

(3) For a location in an area where the cultivation, manufacture, and sale of medical cannabis as contemplated is not permitted under the applicable local zoning laws of the municipality or county; or

(4) (a) If the building in which medical cannabis is to be cultivated, produced, or sold is located within one thousand feet of, the real property comprising a public or private elementary, vocational, or secondary school or a public or private college, junior college, or university, or a playground, or housing facility owned by a public housing authority, or a licensed child care facility, or within 100 feet of a public or private youth center, public swimming pool, or video arcade facility. The provisions of this subdivision shall not affect the renewal or reissuance of a license once granted nor shall the provisions of this subdivision apply to a license in effect and actively doing business before such school, college, university, playground, housing facility, licensed child care facility, youth center, public swimming pool, or video arcade was constructed.

(b) The distances referred to in this subdivision are to be computed by direct measurement from the nearest property line of the land used for a school, college, university, playground, housing facility, licensed child care facility, youth center, public swimming pool, or video arcade to the nearest portion of the building in which medical cannabis is to be cultivated, produced, or sold.

(c) In addition to the requirements of section 195.909, the local licensing authority shall consider the evidence and make a specific finding of fact as to whether the building in which the medical cannabis is to be cultivated, produced, or sold is located within the distance restrictions established by or under this subdivision.

195.933. 1. A state or local license granted under the provisions of sections 195.900 to 195.985 shall not be transferable except as provided in this section, but this section shall not prevent a change of location as provided in subsection 13 of section 195.936.

2. For a transfer of ownership, a license holder shall apply to the division and the local licensing authority on forms prepared and furnished by the division. In determining whether to permit a transfer of ownership, the division and the local licensing authority shall consider only the requirements of sections 195.900 to 195.985, any rules promulgated by the division, and any other local restrictions. The local licensing authority may hold a hearing on the application for transfer of ownership. The local licensing authority shall not hold a hearing under this subsection until the local licensing authority has posted a notice of hearing in the manner described in section 195.912 on the licensed medical cannabis center premises and/or the medical cannabis cultivation and production facility for a period of ten days and has provided notice of the hearing to the applicant at least ten days prior to the hearing. Any transfer of ownership hearing by the division shall be held in compliance with the requirements specified in section 195.912.

195.936. 1. Sections 195.900 to 195.985 authorize a county or municipality to enact reasonable regulations or other restrictions applicable to licenses of medical cannabis centers and medical cannabis cultivation and production facilities based on local zoning, health, safety, and public welfare laws for the distribution of medical cannabis that are more restrictive than sections 195.900 to 195.985.

2. A medical cannabis center and a medical cannabis cultivation and production facility shall not operate unless licensed by the local licensing authority and the state licensing authority under sections 195.900 to 195.985. In connection with a license, the applicant shall provide a complete and accurate list of all owners, officers, and employees who work at, manage, own, or are otherwise associated with the operation and shall provide a complete and accurate application as required by the division.

3. A medical cannabis center and a medical cannabis cultivation and production facility shall notify the division in writing within ten days after an owner, officer, or employee ceases to work at, manage, own, or otherwise be associated with the operation. The owner, officer, or employee shall surrender his or her identification card to the division on or before the date of the notification.

4. A medical cannabis center and a medical cannabis cultivation and production facility shall notify the division in writing of the name, address, and date of birth of an owner, officer, manager, or employee before the new owner, officer, manager, or employee begins working at, managing, owning, or begins an association with the operation. The owner, officer, manager, or employee shall pass a fingerprint-based criminal background

check as required by the division and obtain the required identification prior to being associated with, managing, owning, or working at the operation.

5. A medical cannabis center and a medical cannabis cultivation and production facility shall not acquire, possess, cultivate, deliver, transfer, transport, supply, or dispense cannabis for any purpose except to assist patients with qualifying medical conditions or to test the product at a medical cannabis testing facility, or as otherwise provided in section 195.900 to 195.985.

6. All owners of a licensed medical cannabis center and a licensed medical cannabis cultivation and production facility shall be authorized to do business in Missouri. A local licensing authority shall not issue a license provided for in sections 195.900 to 195.985 until that share of the license application fee due to the state has been received by the division. All licenses granted under sections 195.900 to 195.985 shall be valid for a period not to exceed one year from the date of issuance unless revoked or suspended under sections 195.900 to 195.985 or the rules promulgated under sections 195.900 to 195.985.

7. Before granting a local or state license, the respective licensing authority may consider, except where sections 195.900 to 195.985 specifically provide otherwise, the requirements of sections 195.900 to 195.985 and any rules promulgated under sections 195.900 to 195.985, and all other reasonable restrictions that are or may be placed upon the licensee by the licensing authority. With respect to a second or additional license for the same licensee or the same owner of another licensed business under sections 195.900 to 195.985, each licensing authority shall consider the effect on competition of granting or denying the additional licenses to such licensee and shall not approve an application for a second or additional license that has the effect of restraining competition.

8. (1) Each license issued under sections 195.900 to 195.985 is separate and distinct. It is unlawful for a person to exercise any of the privileges granted under a license other than the license that the person holds or for a licensee to allow any other person to exercise the privileges granted under the licensee's license. A separate license shall be required for each specific business or business entity and each geographical location.

(2) At all times, a licensee shall possess and maintain possession of the premises for which the license is issued by ownership, lease, rental, or other arrangement for possession of the premises.

9. (1) The licenses provided under sections 195.900 to 195.985 shall specify the date of issuance, the period of licensure, the name of the licensee, and the premises licensed. The licensee shall conspicuously display the license at all times on the licensed premises.

(2) A local licensing authority shall not transfer location of or renew a license to sell medical cannabis until the applicant for the license produces a license issued and granted by the state licensing authority covering the whole period for which a license or license renewal is sought.

10. In computing any period of time prescribed by sections 195.900 to 195.985, the day of the act, event, or default from which the designated period of time begins to run shall not be included. Saturdays, Sundays, and legal holidays shall be counted as any other day.

11. A licensee shall report each transfer or change of financial interest in the license to the division and the local licensing authority thirty days prior to any transfer or change under subsection 13 of this section. A report shall be required for transfers of capital stock of any corporation, regardless of size.

12. Each licensee shall manage the licensed premises himself or herself or employ a separate and distinct manager on the premises and shall report the name of the manager to the division and the local licensing authority. The licensee shall report any change in manager to the division and local licensing authority thirty days prior to such change.

13. (1) A licensee may move his or her permanent location to any other place in the same municipality for which the license was originally granted, or in the same county if the license was granted for a place outside the corporate limits of a municipality, but it shall be unlawful to cultivate, manufacture, distribute, possess, or sell medical cannabis at any such place until permission to do so is granted by the division and the local licensing authority provided for in sections 195.900 to 195.985.

(2) In permitting a change of location, the division and the local licensing authority shall consider all reasonable restrictions that are or may be placed upon the new location by the governing body or local licensing authority of the municipality or county; any such change in location shall be in accordance with all requirements of sections 195.900 to 195.985 and rules promulgated under sections 195.900 to 195.985.

195.939. 1. (1) Ninety days prior to the expiration date of an existing license, the division shall notify the licensee of the expiration date by first class mail at the licensee's address of record with the division. A licensee shall apply for the renewal of an existing license to the local licensing authority not less than forty-five days and to the division not less than thirty days prior to the date of expiration. A local licensing authority shall not accept an application for renewal of a license after the date of expiration, except as provided in subsection 2 of this section. The division may extend the expiration date of the license and accept a late application for renewal of a license; provided that, the applicant has filed a timely renewal application with the local licensing authority. All renewals filed with the local licensing authority and subsequently approved by the local licensing authority shall next be processed by the division. The division or the local licensing authority, in its discretion, subject to the requirements of this section and based upon reasonable grounds, may waive the forty-five-day or thirty-day time requirements set forth in this subsection. The local licensing authority may hold a hearing on the application for renewal only if the licensee has had complaints filed against it, has a history of violations, or there are allegations against the licensee that constitute good cause.

(2) The local licensing authority shall not hold a renewal hearing provided for by this subsection for a medical cannabis center and a medical cannabis cultivation and production facility until it has posted a notice of hearing on the licensed medical cannabis center premises

and the medical cannabis cultivation and production facility premises in the manner described in section 195.912 for a period of ten days and provided notice to the applicant at least ten days prior to the hearing. The local licensing authority may refuse to renew any license for good cause, subject to judicial review.

2.(1) Notwithstanding the provisions of subsection 1 of this section, a licensee whose license has been expired for not more than ninety days may file a late renewal application upon the payment of a nonrefundable late application fee of five hundred dollars to the local licensing authority. A licensee who files a late renewal application and pays the requisite fees may continue to operate until both the state and local licensing authorities have taken final action to approve or deny the licensee's late renewal application.

(2) The state and local licensing authorities shall not accept a late renewal application more than ninety days after the expiration of a licensee's permanent annual license. A licensee whose permanent annual license has been expired for more than ninety days shall not cultivate, manufacture, distribute, possess, or sell any medical cannabis until all required licenses have been obtained.

195.942. The division or local licensing authority may, in its discretion, revoke or elect not to renew any license if it determines that the licensed premises have been inactive without good cause for at least one year.

195.945. 1. The division, by rule, shall require a complete disclosure of all persons having a direct or indirect financial interest and the extent of such interest in each license issued under sections 195.900 to 195.985.

2. A person shall not have an unreported financial interest in a license under sections 195.900 to 195.985 unless such person has undergone a fingerprint-based criminal background check as provided for by the division in its rules; except that, this subsection shall not apply to banks, savings and loan associations, or industrial banks supervised and regulated by an agency of the state or federal government, or to FHA-approved mortgagees, or to stockholders, directors, or officers thereof.

3. This section is intended to prohibit and prevent the control of the outlets for the sale of medical cannabis by a person or party other than the persons licensed under the provisions of sections 195.900 to 195.985.

195.948. 1. For the purpose of regulating the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis, the division may, in its discretion and upon application on the prescribed form made to it, issue and grant to the applicant a license or registration from any of the following classes, subject to the provisions and restrictions provided by sections 195.900 to 195.985:

(1) Medical cannabis center license;

(2) Medical cannabis cultivation and production facility license;

(3) Medical cannabis testing facility license;

(4) Occupational licenses and registrations for owners, managers, operators, employees, contractors, and other support staff employed by, working in, or having access to restricted areas of the licensed premises as determined by the division. The division may take any action with respect to a registration under sections 195.900 to 195.985 as it may with respect to a license under sections 195.900 to 195.985, in accordance with the procedures established under sections 195.900 to 195.985.

2. In order to do business in Missouri under sections 195.900 to 195.985, a medical cannabis business shall hold both a medical cannabis center license and a medical cannabis cultivation and production facility license and shall be operated as a vertically integrated business.

3. A medical cannabis business shall use a cannabis plant monitoring system as the primary inventory tracking system of records.

4. A state-chartered bank or a credit union may loan money to any person licensed under sections 195.900 to 195.985 for the operation of a licensed business.

5. A medical cannabis testing facility shall be licensed, approved, and certified by the division in order to test medical cannabis. A person who is an owner of a medical cannabis cultivation and production facility or a medical cannabis center facility is prohibited from having a financial interest in a medical cannabis testing facility. An owner of a medical cannabis testing facility is prohibited from having a financial interest in a medical cannabis cultivation and production facility or a medical cannabis center facility.

195.951. 1. A medical cannabis center license shall be issued only to a person selling medical cannabis under the terms and conditions of sections 195.900 to 195.985.

2. Notwithstanding the provision of this section, a medical cannabis center licensee may also sell medical cannabis-infused products that are prepackaged and labeled under subsection 7 of this section.

3. Except as otherwise provided in subsection 4 of this section, every person selling medical cannabis as provided for in this section shall sell medical cannabis grown in its medical cannabis cultivation and production facility licensed under sections 195.900 to 195.985.

4. A medical cannabis center licensee shall not purchase more than thirty percent of its total on-hand inventory of medical cannabis flower from another licensed medical cannabis center licensee in Missouri. A medical cannabis center licensee shall not sell more than thirty percent of its total on-hand inventory of medical cannabis flower to another Missouri medical cannabis licensee. At least seventy percent of the medical cannabis flower sold at a medical cannabis center shall be grown at its cultivation and production facility.

5. Prior to initiating a sale, the employee of the medical cannabis center making the sale shall verify that the purchaser has a valid registration card issued under section 195.981 and a valid picture identification card that matches the name on the registration card.

6. A licensed medical cannabis center shall provide an amount of its medical cannabis established by rule of the division for testing to a medical cannabis testing facility.

7. All medical cannabis sold at a licensed medical cannabis center shall be labeled as follows:

(1) The medical cannabis center shall place a legible, firmly affixed label on medical cannabis, excluding medical cannabis-infused products, on which the wording is no less than one-sixteenth inch in size on each package of medical cannabis that it prepares for dispensing and which contains at a minimum the following information:

(a) The registered qualifying patient's name;

(b) The name and registration number of the medical cannabis center that produced the cannabis, together with the medical cannabis center's telephone number and mailing address, and website information, if any;

(c) The quantity of usable medical cannabis contained within the package;

(d) The date that the medical cannabis center packaged the contents;

(e) A batch number, sequential serial number, and bar code when used, to identify the batch associated with manufacturing and processing;

(f) The cannabinoid profile of the medical cannabis contained within the package, including tetrahydrocannabinol (THC) level; and

(g) A statement that the product has been tested for contaminants, that there were no adverse findings, and the date of testing, and the following statement, including capitalization: "This product has not been analyzed or approved by the FDA. There is limited information on the side effects of using this product, and there may be associated health risks. Do not drive or operate machinery when under the influence of this product. KEEP THIS PRODUCT AWAY FROM CHILDREN."

(2) The medical cannabis center shall place a legible, firmly affixed label on medical cannabis-infused products on which the wording is no less than one-sixteenth inch in size on each medical cannabis-infused product that it prepares for dispensing and which contains at a minimum the following information:

(a) The registered qualifying patient's name;

(b) The name and registration number of the medical cannabis center that produced the medical cannabis-infused product, together with the medical cannabis center's telephone number and mailing address, and website information, if any;

(c) The name of the product;

(d) The quantity of usable cannabis contained within the product as measured in ounces;

(e) A list of ingredients, including the cannabinoid profile of the cannabis contained within the product, including the tetrahydrocannabinol (THC) level;

(f) The date of product creation and the recommended "use by" or expiration date;

(g) To identify the batch associated with manufacturing and processing, a batch number, sequential serial number, and bar code when used;

(h) Directions for use of the product if relevant;

(i) A statement that the product has been tested for contaminants, that there were no adverse findings, and the date of testing;

(j) A warning if known allergens are contained in the product; and

(k) The following statement, including capitalization: "This product has not been analyzed or approved by the FDA. There is limited information on the side effects of using this product, and there may be associated health risks. Do not drive or operate machinery when under the influence of this product. KEEP THIS PRODUCT AWAY FROM CHILDREN."

(3) Cannabis shall be packaged in plain, opaque, tamperproof, and child-resistant containers without depictions of the product, cartoons, or images other than the medical cannabis center's logo.

8. A licensed medical cannabis center shall comply with all provisions of law as such provisions relate to persons with disabilities.

195.954. A medical cannabis cultivation and production facility license shall only be issued to a person licensed under this section who grows and cultivates medical cannabis and who manufactures medical cannabis or medical cannabis-infused products under the terms and conditions of sections 195.900 to 195.985.

195.957. 1. The department of health and senior services is the designated state agency for regulating and controlling the manufacturing of medical cannabis-infused products.

2. (1) Medical cannabis-infused products shall be prepared on a cultivation and production facility licensed premises that is used for the manufacture and preparation of medical

cannabis-infused products and which uses equipment that is used for the manufacture and preparation of medical cannabis-infused products.

(2) Only a licensed medical cannabis cultivation and production facility is permitted to produce medical cannabis-infused products. A medical cannabis cultivation and production facility may produce medical cannabis-infused products for the facility's medical cannabis centers and may sell the medical cannabis-infused products it produces to any other licensed medical cannabis centers in the state.

(3) The medical cannabis cultivation and production facility shall have all cannabis cultivated by such facility tested by a licensed medical cannabis testing facility in accordance with the following:

(a) Cannabis shall be tested for the cannabinoid profile and for contaminants as specified by the department, including, but not limited to, mold, mildew, heavy metals, plant-growth regulators, and the presence of nonorganic pesticides. The department may require additional testing;

(b) The facility shall maintain the results of all testing for no less than one year;

(c) The facility shall have and follow a policy and procedure for responding to results indicating contamination, which shall include destruction of contaminated product and assessment of the source of contamination. Such policy shall be available to registered qualifying patients and primary caregivers;

(d) All testing shall be conducted by an independent laboratory that is:

a. Accredited to International Organization for Standardization (ISO) 17025 by a third-party accrediting body such as A2LA or ACLASS; or

b. Certified, registered, or accredited by an organization approved by the department.

(e) The facility shall arrange for testing to be conducted in accordance with the frequency required by the department;

(f) A facility shall have a contractual arrangement with a medical cannabis testing facility for the purposes of testing cannabis, including a stipulation that those individuals responsible for testing at the medical cannabis testing facility be licensed;

(g) A medical cannabis cultivation and production facility is prohibited from having any financial or other interest in a medical cannabis testing facility providing testing services for any medical cannabis cultivation and production facility;

(h) No individual employee of a medical cannabis testing facility providing testing services for medical cannabis cultivation and production facilities shall receive direct financial compensation from any medical cannabis cultivation and production facility;

(i) All transportation of cannabis to and from laboratories providing cannabis testing services shall comply with rules promulgated under any rulemaking authority granted in sections 195.900 to 195.985;

(j) All storage of cannabis at a laboratory providing cannabis testing services shall comply with subdivision (4) of this subsection; and

(k) All excess cannabis shall be returned to the source medical cannabis cultivation and production facility and be disposed of under paragraph (e) of subdivision (6) of this subsection.

(4)(a) All cannabis in the process of cultivation, production, preparation, transport, or analysis shall be housed and stored in such a manner as to prevent diversion, theft, or loss.

(b) Such items shall be accessible only to the minimum number of specifically authorized dispensary agents essential for efficient operation.

(c) Such items shall be returned to a secure location immediately after completion of the process or at the end of the scheduled business day.

(d) If a manufacturing process cannot be completed at the end of a working day, the processing area or tanks, vessels, bins, or bulk containers containing cannabis shall be securely locked inside an area or building that affords adequate security.

(5) A medical cannabis cultivation and production facility shall process cannabis in a safe and sanitary manner. A facility shall process the leaves and flowers of the female cannabis plant only, which shall be:

(a) Well cured and free of seeds and stems;

(b) Free of dirt, sand, debris, and other foreign matter;

(c) Free of contamination by mold, rot, other fungus, and bacterial diseases;

(d) Prepared and handled on food-grade stainless steel tables; and

(e) Packaged in a secure area.

(6) All facilities, including those that develop or process nonedible medical cannabis-infused products, shall comply with the following sanitary requirements:

(a) Any dispensary agent whose job includes contact with cannabis or nonedible medical cannabis-infused products, including cultivation, production, or packaging, is subject to the requirements for food handlers under state law and in accordance with rules of the department of health and senior services;

(b) Any dispensary agent working in direct contact with preparation of cannabis or nonedible medical cannabis-infused products shall conform to sanitary practices while on duty, including:

a. Maintaining adequate personal cleanliness; and

b. Washing hands thoroughly in an adequate hand-washing area before starting work, and at any other time when hands may have become soiled or contaminated.

(c) Hand-washing facilities shall be adequate and convenient and shall be furnished with running water at a suitable temperature. Hand-washing facilities shall be located in the facility in production areas and where good sanitary practices require employees to wash and sanitize their hands, and shall provide effective hand cleaning and sanitizing preparations and sanitary towel service or suitable drying devices;

(d) There shall be sufficient space for placement of equipment and storage of materials as is necessary for the maintenance of sanitary operations;

(e) Litter and waste shall be properly removed, disposed of so as to minimize the development of odor, and shall minimize the potential for the waste attracting and harboring pests. The operating systems for waste disposal shall be maintained in an adequate manner;

(f) Floors, walls, and ceilings shall be constructed in such a manner that they may be adequately kept clean and in good repair;

(g) There shall be adequate safety lighting in all processing and storage areas, as well as areas where equipment or utensils are cleaned;

(h) Buildings, fixtures, and other physical facilities shall be maintained in a sanitary condition;

(i) All contact surfaces, including utensils and equipment, shall be maintained in a clean and sanitary condition. Such surfaces shall be cleaned and sanitized as frequently as necessary to protect against contamination, using a sanitizing agent registered by the United States Environmental Protection Agency (EPA), in accordance with labeled instructions. Equipment and utensils shall be so designed and of such material and workmanship as to be adequately cleanable;

(j) All toxic items shall be identified, held, and stored in a manner that protects against contamination of cannabis and medical cannabis-infused products;

(k) A facility's water supply shall be sufficient for necessary operations. Any private water source shall be capable of providing a safe, potable, and adequate supply of water to meet the facility's needs;

(l) Plumbing shall be of adequate size and design, and adequately installed and maintained to carry sufficient quantities of water to required locations throughout the facility. Plumbing shall properly convey sewage and liquid disposable waste from the facility. There shall be no cross-connections between the potable and waste water lines;

(m) A facility shall provide its employees with adequate, readily accessible toilet facilities that are maintained in a sanitary condition and in good repair;

(n) Products that may support the rapid growth of undesirable microorganisms shall be held in a manner that prevents the growth of such microorganisms; and

(o) Storage and transportation of finished products shall be under conditions that shall protect them against physical, chemical, and microbial contamination as well as against deterioration of them or their container.

3. (1) A medical cannabis cultivation and production facility shall provide adequate lighting, ventilation, temperature, humidity, space, and equipment.

(2) A facility shall have separate areas for storage of cannabis that is outdated, damaged, deteriorated, mislabeled, or contaminated, or whose containers or packaging have been opened or breached, until such products are destroyed.

(3) Facility storage areas shall be maintained in a clean and orderly condition.

(4) Facility storage areas shall be free from infestation by insects, rodents, birds, and pests of any kind.

(5) Facility storage areas shall be maintained in accordance with the security requirements promulgated under the authority granted in sections 195.900 to 195.985.

195.960. 1. Until a medical cannabis cultivation and production facility's cultivation or production process has been validated, such facility shall not wholesale, transfer, or process into a medical cannabis concentrate or medical cannabis product any medical cannabis, medical cannabis concentrate, or medical cannabis product unless samples from the harvest batch or production batch from which such medical cannabis, medical cannabis concentrate, or medical cannabis product was derived were tested by a medical cannabis testing facility for contaminants and passed all contaminant tests required by subsection 3 of this section.

2. (1) A medical cannabis cultivation and production facility's cultivation process shall be deemed valid if every harvest batch that it produced during a twelve-week period passed all contaminant tests required by subsection 3 of this section, including at least twelve test batches that were submitted at least six days apart and contained samples from entirely different harvest batches.

(2) A facility's production process shall be deemed valid if every production batch that it produced during a four-week period passed all contaminant tests required by

subsection 3 of this section, including at least four test batches that were submitted at least six days apart which contained samples from entirely different production batches.

3. (1) Each harvest batch of medical cannabis and production batch of medical cannabis concentrate and medical cannabis product shall be tested for microbial contamination by a medical cannabis testing facility. The microbial contamination test shall include, but not be limited to, testing to determine the presence of and amounts present of salmonella sp., escherichia coli, and other bile-tolerant bacteria. Each harvest batch of medical cannabis and production batch of medical cannabis concentrate and medical cannabis product shall be tested for mold contamination by a medical cannabis testing facility. The mold contamination test shall include, but shall be limited to, testing to determine presence and the level of aspergillus sp., mucor sp., penicillium sp., and thermophilic actinomycetes sp.

(2) Each harvest batch of medical cannabis produced by a facility shall be tested for filth and other visible contamination by a medical cannabis testing facility. The filth contamination test shall include, but shall not be limited to, the detection, separation, quantification, identification, and interpretation of extraneous materials, including insects, rodent droppings, visible adulterants, and other contaminants, in medical cannabis flowers and trim.

(3) Each production batch of solvent-based medical cannabis concentrate produced by a facility shall be tested for residual solvent contamination by a medical cannabis testing facility. The residual solvent contamination test shall include, but not be limited to, testing to determine the presence of, and amounts present of, butane, propane, ethanol, isopropanol, acetone, and heptane.

4. (1) The division may require additional tests to be conducted on a harvest batch or production batch prior to a facility wholesaling, transferring, or processing into a medical cannabis concentrate or medical cannabis product any medical cannabis, medical cannabis concentrate, or medical cannabis product from such harvest batch or production batch. Additional tests may include, but not be limited to, screening for pesticides, harmful chemicals, adulterants, or other types of microbials, molds, filth, or residual solvents.

(2) (a) A production batch of medical cannabis concentrate shall be considered exempt from subdivision (1) of this subsection if the facility that produced it does not wholesale or transfer any portion of the production batch and it uses the entire production batch to manufacture medical cannabis product; except that, a solvent-based medical cannabis concentrate produced using butane, propane, ethanol, isopropanol, acetone, heptane shall still be submitted for a residual solvent contaminant test.

(b) A facility shall not be required to have residual solvent testing conducted on the product batch of a solvent-based medical cannabis concentrate if only CO2 was used during the production of the medical cannabis concentrate.

5. (1) (a) If a facility makes a material change to its cultivation or production process, such facility shall have the first five harvest batches or production batches produced using the new standard operating procedures tested for all of the contaminants required by subsection 3 of this section regardless of whether its process has been previously validated. If any such tests fail, such facility's process shall be revalidated.

(b) It shall be considered a material change if a facility begins using a new or different pesticide during its cultivation process, and the first five harvest batches produced using the new or different pesticide shall also be tested for pesticide.

(c) It shall be considered a material change if a facility begins using a new or different solvent or combination of solvents.

(d) A facility that makes a material change shall notify the medical cannabis testing facility that conducts contaminant testing on the first five harvest batches or production batches produced using the new standard operating procedures.

(e) When a harvest batch or production batch is required to be submitted for testing under this subsection, the facility that produced it shall not wholesale, transfer, or process into a medical cannabis concentrate or medical cannabis product any of the medical cannabis, medical cannabis concentrate, or medical cannabis product from such harvest batch or production batch.

(2) If six of the ten most recently tested test batches produced by a facility fail contaminant testing, the facility shall be required to revalidate its process.

6. Notwithstanding any other provision of state law, sales of medical cannabis-infused products shall not be exempt from state or local sales tax.

195.961.1. A tax is hereby levied and imposed upon the retail sale of cannabis for medical use sold at medical cannabis centers within the state. The tax shall be equivalent to two percent of the retail price. The purpose and intent of the tax is to impose a tax upon the privilege of engaging in the business, in this state, of selling medical cannabis. The primary tax burden is placed on making taxable sales of medical cannabis. All sellers of medical cannabis shall be required to report to the director of revenue, on such forms and in such manner as the director of revenue shall prescribe. Their "gross receipts from the sale of medical cannabis," defined to mean the aggregate amount of the sales price of all sales at retail of medical cannabis, and remit to the director of revenue two percent of their gross receipts from the sales of medical cannabis.

2. After retaining no more than five percent for its actual collection costs, one-half percent of the amount generated by the tax imposed in this section shall be deposited by the department of revenue into the Missouri Veterans' Health and Care Fund, one-half percent of the amount generated by the tax imposed in this section will be deposited by the department of revenue into the Missouri Public Safety Fund, one-half percent of the amount generated by the tax imposed in this section shall be deposited by the department of revenue into the Missouri Drug Treatment Fund, and one-half percent of the amount generated by the tax imposed in this section shall be deposited by the department of revenue into the Early Childhood Development,

Education and Care Fund created by section 161.125. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(1) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund," which shall consist of certain taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any moneys remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section.

(b) Next, the remainder of such funds shall be transferred to the Missouri Veterans Commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri Veteran's Homes, the Missouri Service Officer's Program, and other services for veterans approved by the Commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri Veterans Commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All moneys from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(2) There is hereby created in the state treasury the "Missouri Public Safety Fund", which shall consist of taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any moneys remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The Commissioner of Administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the Department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the Department, an amount necessary for the Department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section.

(b) Next, the remainder of such funds shall be allocated evenly to all police departments, fire protection districts, and fire departments in the State of Missouri that have medical cannabis centers or medical cannabis cultivation and production facilities within their geographic boundaries.

(c) All moneys from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) There is hereby created in the state treasury the "Missouri Drug Treatment Fund," which shall consist of taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any moneys remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The Commissioner of Administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the Department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the Department, an amount necessary for the Department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section.

(b) Next, the remainder of such funds shall be allocated evenly to all Missouri Drug Treatment Centers that are funded by the State of Missouri.

(c) All moneys from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(4) The department of revenue shall have the authority to establish, revise, and amend rules as necessary to carry into effect the tax imposed by this section and to issue all forms, instructions and other documents necessary for the collection of the tax.

3. The provisions of sections 144.010 through 144.527 shall apply to the administration of the tax imposed by this section.

195.963. 1. (1) There is hereby created in the state treasury the "Medical Cannabis License Cash Fund," which shall consist of all moneys collected by the division under sections

195.900 to 195.985. The state treasurer shall be custodian of the fund. In accordance with sections 30.170 and 30.180, the state treasurer may approve disbursements. The fund shall be a dedicated fund and, upon appropriation, moneys in the fund shall be used solely for the administration of sections 195.900 to 195.985.

(2) Notwithstanding the provisions of section 33.080 to the contrary, any moneys remaining in the fund at the end of the biennium shall not revert to the credit of the general revenue fund.

(3) The state treasurer shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund.

(4) There is hereby created the "Medical Cannabis Program Account" as an account within the medical cannabis license cash fund. The account shall consist of all moneys collected by the department of health and senior services under section 195.981. The account shall be a dedicated account and, upon appropriation, moneys in the account shall be used solely for the administration of section 195.981.

2. (1) The division shall require all applicants for initial state licenses under sections 195.900 to 195.985 to submit a nonrefundable application fee of twelve thousand five hundred dollars for a medical cannabis center license, and twelve thousand five hundred dollars for a medical cannabis cultivation and production facility license. The division shall require all applicants for initial state licenses under sections 195.900 to 195.985 to submit an annual license fee of twelve thousand five hundred dollars for a medical cannabis center license, and twelve thousand five thousand dollars for a cultivation and production facility license. All applications submitted shall be accompanied by all applicable state license and application fees. Any applications which are later denied or withdrawn may allow for a refund of license fees only. All application fees provided by an applicant shall be retained by the division.

(2) The division shall establish all other fees for processing the following types of applications, licenses, notices, or reports required to be submitted to the state licensing authority:

(a) Applications to change location under subsection 13 of section 195.936 and rules promulgated thereunder;

(b) Applications for transfer of ownership under section 195.933 and rules promulgated thereunder;

(c) License renewal fees, application fees for renewals, and expired license renewal applications under section 195.939; and

(d) Licenses as listed in section 195.948.

(3) The amounts of the fees under subdivisions (1) and (2) of this subsection, when added to the other fees transferred to the fund under this section, shall reflect the actual direct and

indirect costs of the division in the administration and enforcement of sections 195.900 to 195.985.

(4) The division may charge applicants licensed under sections 195.900 to 195.985 a fee for the cost of each fingerprint analysis and background investigation undertaken to qualify new officers, directors, managers, or employees.

(5) At least annually, the division shall review the amounts of the fees and, if necessary, adjust the amounts to reflect the direct and indirect costs of the division.

3. Except as provided in subsection 4 of this section, the division shall establish a basic fee that shall be paid at the time of service of any subpoena upon the division, plus a fee for meals and a fee for mileage at the rate prescribed for state officers and employees, for each mile actually and necessarily traveled in going to and returning from the place named in the subpoena. If the person named in the subpoena is required to attend the place named in the subpoena for more than one day, there shall be paid, in advance, a sum to be established by the division for each day of attendance to cover the expenses of the person named in the subpoena.

4. The subpoena fee established under subsection 3 of this section shall not be applicable to any federal, state, or local governmental agency.

195.966. 1. Except as otherwise provided, all fees and fines provided for by sections 195.900 to 195.985 shall be paid to the division, which shall transmit the fees to the state treasurer. The state treasurer shall credit the fees to the medical cannabis license cash fund created in section 195.963.

2. The expenditures of the division shall be paid out of appropriations from the medical cannabis license cash fund created in section 195.963.

195.969. 1. Each application for a local license provided for in sections 195.900 to 195.985 filed with a local licensing authority shall be accompanied by an application fee and a license fee in an amount determined by the local licensing authority not to exceed ten percent of the state application fee and license fee.

2. License fees as determined by the local licensing authority shall be paid to the treasurer of the municipality or county where the licensed premises is located in advance of the approval, denial, or renewal of the license.

195.972. 1. In addition to any other sanctions prescribed by sections 195.900 to 195.985 or rules promulgated under sections 195.900 to 195.985, the division or a local licensing authority has the power, on its own motion or on complaint, after investigation and opportunity for a public hearing at which the licensee shall be afforded an opportunity to be heard, to suspend or revoke a license issued by the respective authority for a violation by the licensee or by any of the agents or employees of the licensee of the provisions of sections 195.900 to 195.985, or any of the rules promulgated under sections 195.900 to 195.985, or of any of the terms, conditions, or provisions of the license issued by the division or local

licensing authority. The division or a local licensing authority has the power to administer oaths and issue subpoenas to require the presence of persons and the production of papers, books, and records necessary to the determination of a hearing that the division or local licensing authority is authorized to conduct.

2. The division or local licensing authority shall provide notice of suspension, revocation, fine, or other sanction, as well as the required notice of the hearing under subsection 1 of this section by mailing the same in writing to the licensee at the address contained in the license. Except in the case of a summary suspension under section 195.984, a suspension shall not be for a longer period than six months. If a license is suspended or revoked, a part of the fees paid therefore shall not be returned to the licensee. Any license or permit may be summarily suspended by the issuing licensing authority without notice, pending any prosecution, investigation, or public hearing under the terms of section 195.984. Nothing in this section shall prevent the summary suspension of a license under section 195.984.

3. (1) Whenever a decision of the division or a local licensing authority suspending a license for fourteen days or less becomes final, the licensee may, before the operative date of the suspension, petition for permission to pay a fine in lieu of having the license suspended for all or part of the suspension period. Upon the receipt of the petition, the division or local licensing authority may, in its sole discretion, stay the proposed suspension and cause any investigation to be made which it deems desirable and may, in its sole discretion, grant the petition if the division or local licensing authority is satisfied that:

(a) The public welfare and morals shall not be impaired by permitting the licensee to operate during the period set for suspension and that the payment of the fine shall achieve the desired disciplinary purposes;

(b) The books and records of the licensee are kept in such a manner that the loss of sales that the licensee would have suffered had the suspension gone into effect may be determined with reasonable accuracy; and

(c) The licensee has not had his or her license suspended or revoked, nor had any suspension stayed by payment of a fine, during the two years immediately preceding the date of the motion or complaint that resulted in a final decision to suspend the license or permit.

(2) The fine accepted shall be not less than five hundred dollars nor more than one hundred thousand dollars.

(3) Payment of a fine under the provisions of this subsection shall be in the form of cash or in the form of a certified check or cashier's check made payable to the division or local licensing authority, whichever is appropriate.

4. Upon payment of the fine under subsection 3 of this section, the division or local licensing authority shall enter its further order permanently staying the imposition of the suspension. If the fine is paid to a local licensing authority, the governing body of the authority

shall cause the moneys to be paid into the general fund of the local licensing authority. Fines paid to the division under subsection 3 of this section shall be transmitted to the state treasurer who shall credit the same to the medical cannabis license cash fund created in section 195.963.

5. In connection with a petition under subsection 3 of this section, the authority of the division or local licensing authority is limited to the granting of such stays as are necessary for the authority to complete its investigation and make its findings and, if the authority makes such findings, to the granting of an order permanently staying the imposition of the entire suspension or that portion of the suspension not otherwise conditionally stayed.

6. If the division or local licensing authority does not make the findings required in subdivision (1) of subsection 3 of this section and does not order the suspension permanently stayed, the suspension shall go into effect on the operative date finally set by the division or local licensing authority.

7. Each local licensing authority shall report all actions taken to impose fines, suspensions, and revocations to the division in a manner required by the division. No later than January fifteenth of each year, the division shall compile a report of the preceding year's actions in which fines, suspensions, or revocations were imposed by local licensing authorities and by the division. The division shall file one copy of the report with the chief clerk of the house of representatives, one copy with the secretary of the senate, and six copies in the legislative library.

195.975. 1. Each licensee shall keep a complete set of all records necessary to show fully the business transactions of the licensee, all of which shall be open at all times during business hours for the inspection and examination of the division or its duly authorized representatives. The division may require any licensee to furnish such information as it considers necessary for the proper administration of this section and may require an audit to be made of the books of account and records on such occasions as it may consider necessary by an auditor to be selected by the division who shall likewise have access to all books and records of the licensee, and the expense thereof shall be paid by the licensee.

2. The licensed premises, including any places of storage where medical cannabis is grown, stored, cultivated, sold, or dispensed, shall be subject to inspection by the division or local licensing authorities and their investigators, during all business hours and other times of apparent activity, for the purpose of inspection or investigation. For examination of any inventory or books and records required to be kept by the licensees, access shall be required during business hours. Where any part of the licensed premises consists of a locked area, upon demand to the licensee, such area shall be made available for inspection without delay, and, upon request by authorized representatives of the division or local licensing authority, the licensee shall open the area for inspection.

3. Each licensee shall retain all books and records necessary to show fully the business transactions of the licensee for a period of the current tax year and the three immediately prior tax years.

195.978. 1. Except as otherwise provided in sections 195.900 to 195.985, it is unlawful for a person:

(1) To consume medical cannabis in a licensed medical cannabis center, and it shall be unlawful for a medical cannabis licensee to allow medical cannabis to be consumed upon its licensed premises;

(2) With knowledge, to permit or fail to prevent the use of such person's registry identification by any other person for the unlawful purchasing of medical cannabis; or

(3) To buy, sell, transfer, give away, or acquire medical cannabis, except as allowed under sections 195.900 to 195.985.

2. It is unlawful for a person licensed under sections 195.900 to 195.985:

(1) To be within a limited-access area unless the person's license badge is displayed as required by sections 195.900 to 195.985;

(2) To fail to designate areas of ingress and egress for limited-access areas and post signs in conspicuous locations as required by sections 195.900 to 195.985;

(3) To fail to report a transfer required by section 195.933; or

(4) To fail to report the name of or a change in managers as required by section 195.936.

3. It is unlawful for any person licensed to sell medical cannabis under sections 195.900 to 195.985:

(1) To sell more than two and one-half ounces of cannabis flower or its equivalent in cannabis concentrate or cannabis product during a sales transaction to a qualifying patient;

(2) To display any signs that are inconsistent with local laws or regulations;

(3) To use advertising material that is misleading, deceptive, or false, or that is designed to appeal to minors;

(4)(a) To sell medical cannabis to a person not licensed under sections 195.900 to 195.985 or to a person not able to produce a valid patient registry identification card. Notwithstanding any provision in this paragraph to the contrary, a person under twenty-one years of age shall not be employed to sell or dispense medical cannabis at a medical cannabis center or grow or cultivate medical cannabis at a medical cannabis cultivation and production facility;

(b) If a licensee or a licensee's employee has reasonable cause to believe that a person is exhibiting a fraudulent patient registry identification card in an attempt to obtain

medical cannabis, the licensee or employee shall be authorized to confiscate the fraudulent patient registry identification card, if possible, and shall, within seventy-two hours after the confiscation, turn it over to the department of health and senior services or local law enforcement agency. The failure to confiscate the fraudulent patient registry identification card or to turn it over to the department or a state or local law enforcement agency within seventy-two hours after the confiscation shall not constitute a criminal offense;

(5) To offer for sale or solicit an order for medical cannabis in person except within the licensed premises;

(6) To have in possession or upon the licensed premises any medical cannabis, the sale of which is not permitted by the license;

(7) To buy medical cannabis from a person not licensed to sell as provided by sections 195.900 to 195.985;

(8) To sell medical cannabis except in the permanent location specifically designated in the license for sale;

(9) To require a medical cannabis center or medical cannabis cultivation and production facility to make delivery to any premises other than the specific licensed premises where the medical cannabis is to be sold, except as otherwise provided under sections 195.900 to 195.985; or

(10) To sell, serve, or distribute medical cannabis at any time other than between the hours of 8:00 a.m. and 7:00 p.m. Monday through Sunday.

4. Except as otherwise provided in sections 195.900 to 195.985, it is unlawful for:

(1) A medical cannabis center or medical cannabis cultivation and production facility to sell, deliver, or cause to be delivered to a licensee any medical cannabis not grown upon its licensed premises; or

(2) A medical cannabis center or medical cannabis cultivation and production facility to sell, possess, or permit sale of medical cannabis not grown upon its licensed premises. A violation of this subsection by a licensee shall be grounds for the immediate revocation of the license granted under sections 195.900 to 195.985.

5. It shall be unlawful for a physician who makes patient referrals to a licensed medical cannabis center to receive anything of value from the medical cannabis center licensee or its agents, servants, officers, or owners or anyone financially interested in the licensee, and it shall be unlawful for a licensee licensed under sections 195.900 to 195.985 to offer anything of value to a physician for making patient referrals to the licensed medical cannabis center.

6. A person who commits any acts that are unlawful under this section is guilty of a class A misdemeanor.

195.981.1. As used in this section, the following terms shall mean:

(1) "Bona fide physician-patient relationship", for purposes of the medical cannabis program:

(a) A physician and a patient have a treatment or counseling relationship, in the course of which the physician has completed a full assessment of the patient's medical history and current medical condition, including an appropriate personal physical examination;

(b) The physician has consulted with the patient with respect to the patient's qualifying medical condition before the patient applies for a registry identification card; and

(c) The physician is available to or offers to provide follow-up care and treatment to the patient, including, but not limited to, patient examinations, to determine the efficacy of the use of medical cannabis as a treatment of the patient's qualifying medical condition.

(2) "Department", the department of health and senior services.

(3) "Director", the director of the department of health and senior services.

(4) "In good standing", with respect to a physician's license:

(a) The physician holds a doctor of medicine or doctor of osteopathic medicine degree from an accredited medical school;

(b) The physician holds a valid license to practice medicine in Missouri that does not contain a restriction or condition that prohibits the recommendation of medical cannabis; and

(c) The physician has a valid and unrestricted United States Department of Justice Federal Drug Enforcement Administration controlled substances registration.

(5) "Medical cannabis program", the program established under sections 195.900 to 195.985.

(6) "Nonresident cardholder", a person who: (1) has been diagnosed with a qualifying medical condition, or is the parent, guardian, conservator, or other person with authority to consent to the medical treatment of a person who has been diagnosed with a qualifying medical condition; (2) is not a resident of Missouri; (3) was issued a currently valid registry identification card or its equivalent under the laws of another state, district, territory, commonwealth, insular possession of the United States, or country recognized by the United States that allows the person to use cannabis for medical purposes in the jurisdiction of issuance; and (4) has submitted documentation required by the department and has received confirmation of registration.

(7) "Caregiver", the same meaning as such term is defined in section 195.900.

(8) "Registry identification card", the nontransferable confidential registry identification card issued by the department to patients and caregivers under this section.

2. The department of health and senior services shall establish, revise, and amend rules and regulations as follows:

(1) To ensure that patients suffering from qualifying medical conditions are able to safely gain access to medical cannabis and to ensure that such patients:

(a) Are not subject to criminal prosecution for their use of medical cannabis in accordance with this section, and the rules of the department; and

(b) Are able to establish an affirmative defense to their use of medical cannabis in accordance with this section, and the rules of the department.

(2) To prevent persons who do not suffer from qualifying medical conditions from using this section as a means to sell, acquire, possess, produce, use, or transport cannabis in violation of state and federal laws;

(3) The establishment and maintenance of a confidential registry of patients who have applied for and are entitled to receive a registry identification card;

(4) The development by the department of an application form and making such form available to residents of this state seeking to be listed on the confidential registry of patients who are entitled to receive a registry identification card;

(5) The verification by the department of medical information concerning patients who have applied for a confidential registry card or for renewal of a registry identification card;

(6) The development by the department of a written certification form that shall be used by a physician to certify that a patient has a qualifying medical condition;

(7) The conditions for issuance and renewal, and the form, of the registry identification cards issued to patients, including, but not limited to, standards for ensuring that the department issues a registry identification card to a patient only if such patient has a bona fide physician-patient relationship with a physician in good standing and licensed to practice medicine in the state of Missouri;

(8) Communications with law enforcement officials about registry identification cards that have been suspended when a patient is no longer diagnosed as having a qualifying medical condition;

(9) A waiver process to allow a homebound patient who is on the registry to have a caregiver transport the patient's medical cannabis from a licensed medical cannabis center to the patient; and

(10) To regulate and control the manufacturing of medical cannabis-infused products.

3. The department shall conduct a public review hearing to receive public input on any emergency rules adopted by the department and be provided with an update from the industry, caregivers, patients, and other stakeholders regarding the industry's current status. The department shall provide at least five business days' notice prior to the hearing.

4. Within one hundred eighty days of the effective date of this section, the department shall make available to the public application forms and application instructions for qualifying patient and caregiver identification cards. Within two hundred ten days of the effective date of this section, the department shall begin accepting applications for qualifying patient and caregiver identification cards.

5. A physician who certifies a qualifying medical condition for an applicant to the medical cannabis program shall comply with all of the following requirements:

(1) The physician shall have a valid and active license to practice medicine in this state, which license is in good standing;

(2) After a physician, who has a bona fide physician-patient relationship with the patient, determines that the patient has a qualifying medical condition, the physician shall certify to the department that the patient has a qualifying medical condition after the physician has completed an assessment of the qualifying patient's medical history, reviewed relevant records related to the patient's qualifying medical condition, and conducted a physical examination. The physician shall specify the qualifying medical condition and, if known, the cause or source of the qualifying medical condition;

(3) The physician shall maintain a record-keeping system for all patients for whom the physician has determined have a qualifying medical condition;

(4) A physician shall not:

(a) Accept, solicit, or offer any form of pecuniary remuneration from or to a caregiver, distributor, or any other provider of medical cannabis;

(b) Offer a discount or any other thing of value to a patient who uses or agrees to use a particular caregiver, distributor, or other provider of medical cannabis to procure medical cannabis;

(c) Examine a patient for purposes of diagnosing a qualifying medical condition at a location where medical cannabis is sold or distributed;

(d) Hold an economic interest in an enterprise that provides or distributes medical cannabis if the physician certifies the qualifying medical condition of a patient for participation in the medical cannabis program; or

(e) Issue a certification for the medical use of cannabis for a non-emancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. The department shall not issue a qualifying patient registry identification card on behalf of a non-emancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. Such registry identification card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as caregiver for a non-emancipated qualifying patient under the age of eighteen. Only the qualifying patient's parent or guardian shall purchase or possess medical cannabis for a non-emancipated qualifying patient under the age of eighteen. A parent or guardian shall supervise the administration of medical cannabis to a non-emancipated qualifying patient under the age of eighteen.

(5) If the department has reasonable cause to believe that a physician has violated subdivision (1), (2), or (3) of subsection 4 of this section, or the rules promulgated by the department, the department may refer the matter to the state board of registration for the healing arts.

6. (1) A caregiver shall not delegate to any other person his or her authority to provide medical cannabis to a patient nor may a caregiver engage others to assist in providing medical cannabis to a patient.

(2) A caregiver shall not cultivate cannabis. Only a medical cannabis cultivation and production facility may cultivate cannabis and only for medical use.

(3) A caregiver shall provide to a law enforcement agency, upon inquiry, the registry identification card number of each of his or her patients. The department shall maintain a registry of such information and make it available twenty-four hours per day and seven days a week to law enforcement for verification purposes.

7. A registered patient or caregiver shall not:

(1) Purchase medical cannabis from unauthorized sources; or

(2) Obtain medical cannabis from other registered patients or caregivers.

8. (1) To be considered in compliance with this section and the rules of the department, a patient or caregiver shall have his or her registry identification card in his or her possession at all times that he or she is in possession of any form of medical cannabis and produce the same upon request of a law enforcement officer to demonstrate that the patient or caregiver is not in violation of the law. A person who violates this section or the rules promulgated by the department may be subject to criminal prosecution.

(2) The department shall maintain a registry of such information and make available twenty-four hours a day and seven days a week to law enforcement for verification purposes. Authorized employees of state or local law enforcement agencies shall be granted access to the information contained within the state health agency's confidential registry only for the purpose

of verifying that an individual who has presented a registry identification card to a state or local law enforcement official is lawfully in possession of such card. The department may promulgate rules to implement this subsection.

(3) The department may deny a patient's application for a registry identification card or revoke the card if the department determines that the physician who diagnosed the patient's qualifying medical condition, the patient, or the caregiver violated this section, or the rules promulgated by the department under this section; except that, when a physician's violation is the basis for adverse action, the department may only deny or revoke a patient's application or registry identification card when the physician's violation is related to the issuance of a medical cannabis recommendation.

(4) A registry identification card shall be valid for one year and shall contain a unique identification number. It shall be the responsibility of the patient to apply to renew his or her registry identification card prior to the date on which the card expires. The department shall develop a form for a patient to use in renewing his or her registry identification card.

(5) If the department grants a patient a waiver to allow a caregiver to transport the patient's medical cannabis from a medical cannabis center to the patient, the department shall designate the waiver on the patient's registry identification card.

(6) A homebound patient who receives a waiver from the department to allow a caregiver to transport the patient's medical cannabis to the patient from a medical cannabis center shall provide the caregiver with the patient's registry identification card, which the caregiver shall carry when the caregiver is transporting the medical cannabis. A medical cannabis center may provide the medical cannabis to the caregiver for transport to the patient if the caregiver produces the patient's registry identification card.

9. (1) The State of Missouri and the medical cannabis centers in this State which hold valid medical cannabis center licenses will recognize a nonresident card under the following circumstances:

(a) The state or jurisdiction from which the holder or bearer obtained the nonresident card grants an exemption from criminal prosecution for the medical use of cannabis;

(b) The state or jurisdiction from which the holder or bearer obtained the nonresident card requires, as a prerequisite to the issuance of such a card, that a physician advise the person that the person has a qualifying medical condition recognized by the state of Missouri;

(c) The nonresident card has an expiration date and has not yet expired;

(d) The state or jurisdiction from which the holder or bearer obtained the nonresident card maintains a database which preserves such information as may be necessary to verify the authenticity or validity of the nonresident card;

(e) The state or jurisdiction from which the holder or bearer obtained the nonresident card allows the division and medical cannabis centers in this State to access the database described in paragraph (d);

(f) The division determines that the database described in paragraph (d) is able to provide to medical cannabis centers in this State information that is sufficiently accurate, current and specific as to allow those centers to verify that a person who holds or bears a nonresident card is entitled lawfully to do so; and

(g) The holder or bearer of the nonresident card agrees to abide by, and does abide by, the legal limits on the possession of cannabis for medical purposes in this State, as set forth in 195.900.3(1).

(2) For the purposes of the reciprocity described in this section:

(a) The amount of medical cannabis that the holder or bearer of a nonresident card is entitled to possess in his or her state or jurisdiction of residence is irrelevant; and

(b) Under no circumstances, while in this State, may the holder or bearer of a nonresident card possess cannabis for medical purposes in excess of the limits set forth in 195.900.3(1).

(3) As used in this section, "nonresident card" means a card or other identification that:

(a) Is issued by a state or jurisdiction other than Missouri; and

(b) Is the functional equivalent of a registry identification card or letter of approval, as determined by the division.

10. (1) The use of medical cannabis is allowed under state law to the extent that it is carried out in accordance with sections 195.900 to 195.985 and the rules of the department.

(2) A patient or caregiver shall not:

(a) Engage in the medical use of cannabis in a way that endangers the health and well-being of a person;

(b) Engage in the medical use of cannabis in plain view or in a place open to the general public;

(c) Undertake any task while under the influence of medical cannabis, when doing so would constitute negligence or professional malpractice;

(d) Possess medical cannabis or otherwise engage in the use of medical cannabis in or on the grounds of a school or in a school bus;

(e) Engage in the use of medical cannabis while:

a. In a correctional facility;
b. Subject to a sentence to incarceration; or
c. In a vehicle, aircraft, or motorboat.

(f) Operate, navigate, or be in actual physical control of any vehicle, aircraft, or motorboat while under the influence of medical cannabis; or

(g) Use medical cannabis if the person does not have a qualifying medical condition as diagnosed by the person's physician in the course of a bona fide physician-patient relationship that has been certified to the department.

(3) A person shall not establish a business to permit patients to congregate and smoke medical cannabis.

11. Only licensed medical cannabis cultivation and production facilities may cultivate medical cannabis.

12. If a patient raises an affirmative defense to prosecution under sections 195.900 to 195.985, the patient's physician shall certify the specific amounts in excess of an adequate supply that are necessary to address the patient's qualifying medical condition and why such amounts are necessary. A patient who asserts this affirmative defense shall waive confidentiality privileges related to the condition or conditions. If a patient, caregiver, or physician raises an exception to the state criminal laws, the patient, caregiver, or physician waives the confidentiality of his or her records related to the qualifying medical condition or conditions maintained by the department for the medical cannabis program. Upon request of a law enforcement agency for such records, the department shall only provide records pertaining to the individual raising the exception, and shall redact all other patient, caregiver, or physician identifying information.

13. (1) Except as provided in subdivision (2) of this subsection, the department shall establish a basic fee that shall be paid at the time of service of any subpoena upon the department, plus a fee for meals and a fee for mileage at the rate prescribed for state officers and employees, for each mile actually and necessarily traveled in going to and returning from the place named in the subpoena. If the person named in the subpoena is required to attend the place named in the subpoena for more than one day, there shall be paid, in advance, a sum to be established by the department for each day of attendance to cover the expenses of the person named in the subpoena.

(2) The subpoena fee established under subdivision (1) of the subsection shall not be applicable to any federal, state, or local governmental agency.

14. The department may collect fees from patients who apply to the medical cannabis program for a cannabis registry identification card for the purpose of offsetting the department's direct and indirect costs of administering the program. The amount of such

fees shall be set by rule of the department. The amount of the fees set under this section shall reflect the actual direct and indirect costs of the department in the administration and enforcement of this section. All fees collected by the department through the medical cannabis program shall be transferred to the state treasurer who shall credit the same to the medical cannabis program account within the medical cannabis license cash fund created in section 195.963.

195.982. 1. No individual or health care entity organized under the laws of this state shall be subject to any adverse action by the state or any agency, board, or subdivision thereof, including civil or criminal prosecution, denial of any right or privilege, the imposition of a civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission if such individual or employee or agent of the health care facility, in its normal course of business and within its applicable licenses and regulations, certifies a qualifying medical condition for an applicant to the medical cannabis program under sections 195.900 to 195.985.

2. A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri State Board of Registration for the Healing Arts, or its successor agency, for issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

3. A health care provider shall not be subject to civil or criminal prosecution, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing health care services that involve the medical use of cannabis consistent with this section and legal standards of professional conduct.

4. A testing laboratory shall not be subject to civil or criminal prosecution, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of cannabis consistent with this section and otherwise meeting legal standards of professional conduct.

5. A caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering cannabis for medical use by a qualifying patient under the provisions of sections 195.900 to 195.985.

6. An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for providing legal assistance to prospective or licensed medical cannabis cultivation and productive facilities, medical cannabis centers, medical cannabis testing facilities, qualifying patients, caregivers, physicians, health care providers, or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

7. Actions and conduct by duly registered or licensed qualifying patients, caregivers, medical cannabis cultivation and production facilities, medical cannabis centers, and medical

cannabis testing facilities or their employees or agents, as permitted by this section and in compliance with division and department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

8. Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of cannabis.

9. It is the public policy of the state of Missouri that contracts related to cannabis for medical use that are entered into by qualifying patients, caregivers, medical cannabis cultivation and production facilities, medical cannabis centers, or medical cannabis testing facilities and those who allow property to be used by those entities, shall be enforceable. It is the public policy of the state of Missouri that no contract entered into by qualifying patients, caregivers, medical cannabis cultivation and production facilities, medical cannabis centers, medical cannabis testing facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical cannabis may be prohibited by federal law.

10. Real property used in the cultivation, manufacture, testing, distribution, sale, possession and administration of cannabis for medical use shall not be subject to asset forfeiture solely because of that use.

195.984.1. (1) The division of alcohol and tobacco control may summarily suspend a license issued under sections 195.900 to 195.985 prior to a hearing in order immediately to stop or restrict operations by a licensee to protect the public health, safety, or welfare. The division may rescind or amend a summary suspension.

(2) If, based upon inspection, affidavits, or other evidence, the division determines that a licensee or the products prepared by a licensee pose an immediate or serious threat to the public health, safety, or welfare, the division may summarily suspend a license:

(a) Requiring cessation or restriction of any or all licensee operations and prohibiting the use of medical cannabis produced by such licensee; or

(b) Placing restrictions on a licensee to the extent necessary to avert a continued threat, pending final investigation results.

(3) The requirements of the summary suspension shall remain in effect until the division rescinds or amends such requirements or until such time as the division takes final action on any related pending complaint and issues a final decision.

2. The department of health and senior services may summarily suspend any registration issued under section 195.981, pending further proceedings for denial of renewal or revocation of a registration, whenever the department finds that the continued registration poses an imminent danger to the public health, safety, or welfare.

195.985. 1. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in sections 195.900 to 195.985 shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. Sections 195.900 to 195.985 and chapter 536 are nonseverable, and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after November 6, 2018, shall be invalid and void.

2. If any provision of sections 195.900 to 195.985 or its application to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of sections 195.900 to 195.985 which can be given full effect without the invalid provision or application, and to this end the provisions of sections 195.900 to 195.985 are severable.

263.250. 1. The plant "marijuana", botanically known as cannabis sativa, is hereby declared to be a noxious weed and all owners and occupiers of land shall destroy all such plants growing upon their land. Any person who knowingly allows such plants to grow on his land or refuses to destroy such plants after being notified to do so shall allow any sheriff or such other persons as designated by the county commission to enter upon any land in this state and destroy such plants.

2. Entry to such lands shall not be made, by any sheriff or other designated person to destroy such plants, until fifteen days' notice by certified mail shall be given the owner or occupant to destroy such plants or a search warrant shall be issued on probable cause shown. In all such instances, the county commission shall bear the cost of destruction and notification.

3. The provisions of this section shall not apply to the authorized cultivation and production of cannabis plants for purposes of providing medical cannabis under sections 195.900 to 195.985.

311.610. 1. For the purpose of carrying out the provisions of this chapter [and], the liquor control law, and sections 195.900 to 195.985 the governor, by and with the advice and consent of the senate, shall appoint some suitable person of good moral character over the age of thirty years, who has been a qualified elector in the state of Missouri for at least five years next before the date of his appointment, as supervisor of liquor control. The supervisor of liquor control shall serve at the pleasure and under the supervision and direction of the governor.

2. The supervisor of liquor control shall devote his entire time to the duties of his office and, with the approval of the governor, appoint and employ all agents, assistants, deputies, inspectors and employees necessary for the proper enforcement and administration of the provisions of the liquor control law whose salaries shall be fixed by the governor, but no salary shall be greater than that paid to employees in other state departments for similar work, except that no salary of an agent directly engaged in the enforcement of the liquor control law shall be less than eight thousand dollars a year. In addition to his salary, the supervisor of liquor control and each of the agents, assistants, deputies, inspectors and employees shall be reimbursed for all

expenses necessarily incurred in the discharge of their duties. No expenses shall be allowed for sustenance to any supervisor, agent, assistant, deputy, inspector or employee while in the city or town of his residence.

3. Before entering upon the discharge of his duties, the supervisor of liquor control shall take and subscribe to an oath to support the Constitution of the United States and of this state, and faithfully demean himself in office, and shall also execute bond to the state of Missouri in the penal sum of ten thousand dollars, conditioned for the faithful performance of the duties of his office, which bond shall be approved by the governor and deposited with the secretary of state and kept in his office; the premiums of the bond shall be paid by the state out of funds appropriated for that purpose.

4. The supervisor of liquor control shall issue licenses for the manufacture and sale of ardent spirits, malt, vinous, fermented and every class of liquors used as beverages. The supervisor of liquor control shall keep a record of all intoxicating liquor manufactured, brewed or sold in this state by every brewery, distiller, manufacturer, distributor or wholesaler, and make a complete report of the same to the governor at the end of each calendar year, or as soon thereafter as possible.

311.620. 1. No person shall be appointed as agent, assistant, deputy or inspector under the provisions of the liquor control law <u>or the Missouri Patient Care Act</u> who shall have been convicted of or against whom any indictment may be pending for any offense; nor shall any person be appointed as such agent, assistant, deputy or inspector who is not of good character or who is not a citizen of the United States, and who is not or has not been a resident taxpaying citizen of the state for a period of three years previous to his appointment; or who is not able to read and write the English language or who does not possess ordinary physical strength and who is not able to pass such physical and mental examination as the majority of a board, consisting of the governor, lieutenant governor, attorney general, and the supervisor of liquor control may prescribe.

2. No agent, assistant, deputy or inspector so appointed shall hold any other commission or office, elective or appointive or accept any other employment compensation while he is an employee of the department of liquor control, except with the written permission of the supervisor of liquor control. No agent, assistant, deputy or inspector of the department of liquor control shall accept any reward or gift other than his regular salary and expenses as provided in this chapter. No agent, assistant, deputy or inspector of the department of liquor control shall perform any police duty connected with the conduct of any election, nor at any time or in any manner electioneer for or against any party ticket, or any candidate for nomination or office on any party ticket, nor for or against any proposition of any kind or nature to be voted upon at any election.

3. The agents, assistants, deputies and inspectors appointed under the provisions of section 311.610 shall before entering upon the discharge of their duties, each take and subscribe an oath to support the Constitution and laws of the United States and the State of Missouri and to faithfully demean themselves in office in the form prescribed by Section 11, Article VII of the Constitution of this State, and they shall each give bond to be approved by the supervisor of liquor control for faithful performance of the duties of their respective offices and to safely keep

and account for all moneys and property received by them. This bond shall be in the sum of five thousand dollars, and the cost of furnishing all such bonds shall be paid by the state.

4. Any agent, assistant, deputy or inspector of the department of liquor control who shall violate the provisions of this chapter shall be immediately discharged.

311.630. 1. The supervisor of alcohol and tobacco control and employees to be selected and designated as peace officers by the supervisor of alcohol and tobacco control are hereby declared to be peace officers of the state of Missouri, with full power and authority to make arrests and searches and seizures only for violations of the provisions of this chapter relating to intoxicating liquors, [and] sections 407.924 to 407.934 relating to tobacco products, and sections 195.900 to 195.985 and to serve any process connected with the enforcement of such laws. The peace officers so designated shall have been previously appointed and qualified under the provisions of section 311.620 and shall be required to hold a valid peace officer license pursuant to chapter 590.

2. The supervisor of alcohol and tobacco control shall furnish such peace officers with credentials showing their authority and a special badge, which they shall carry on their person at all times while on duty. The names of the peace officers so designated shall be made a matter of public record in the office of the supervisor of alcohol and tobacco control.

3. All fees for the arrest and transportation of persons arrested and for the service of writs and process shall be the same as provided by law in criminal proceedings and shall be taxed as costs.

311.660. 1. The supervisor of liquor control shall have the authority to suspend or revoke for cause all such licenses; and to make the following regulations, without limiting the generality of provisions empowering the supervisor of liquor control as in this chapter set forth as to the following matters, acts and things:

(1) Fix and determine the nature, form and capacity of all packages used for containing intoxicating liquor of any kind, to be kept or sold under this law;

(2) Prescribe an official seal and label and determine the manner in which such seal or label shall be attached to every package of intoxicating liquor so sold under this law; this includes prescribing different official seals or different labels for the different classes, varieties or brands of intoxicating liquor;

(3) Prescribe all forms, applications and licenses and such other forms as are necessary to carry out the provisions of this chapter, except that when a licensee substantially complies with all requirements for the renewal of a license by the date on which the application for renewal is due, such licensee shall be permitted at least an additional ten days from the date notice is sent that the application is deficient, in which to complete the application;

(4) Prescribe the terms and conditions of the licenses issued and granted under this law;

(5) Prescribe the nature of the proof to be furnished and conditions to be observed in the issuance of duplicate licenses, in lieu of those lost or destroyed;

(6) Establish rules and regulations for the conduct of the business carried on by each specific licensee under the license, and such rules and regulations if not obeyed by every licensee shall be grounds for the revocation or suspension of the license;

(7) The right to examine books, records and papers of each licensee and to hear and determine complaints against any licensee;

(8) To issue subpoenas and all necessary processes and require the production of papers, to administer oaths and to take testimony;

(9) Prescribe all forms of labels to be affixed to all packages containing intoxicating liquor of any kind; and

(10) To make such other rules and regulations as are necessary and feasible for carrying out the provisions of this chapter, as are not inconsistent with this law.

2. The supervisor of liquor control shall have the authority to regulate and control the licensing of the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis in this state; to grant or refuse state licenses for the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis as provided by law; suspend, fine, restrict, or revoke such licenses upon a violation of sections 195.900 to 195.985, or a rule promulgated under sections 195.900 to 195.985; to impose any penalty authorized by sections 195.900 to 195.985, or any rule promulgated under sections 195.900 to 195.985; and to establish, revise, and amend rules and regulations as necessary to carry into effect the provisions of sections 195.900 to 195.985 as set forth in section 195.906.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 11, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article VIII (2018-265)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on August 11, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

RECEIVED
AUG 11 2017
MO. SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Street address of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Missouri Constitution Article VIII Suffrage and Elections is amended by adding one new section to be known as section 24, to read as follows:

The People of Missouri recommend a federal Constitutional Convention that will allow for national votes on the federal level. The People of Missouri support and recommenced to the President, Congress, and to the other states of the United States that a Constitutional Convention be held as soon as possible to address: approval of a process to attain minimal signatures (1%), of people in all states to place issues on the national ballot. Examples of possible national ballot issues could be: term limits on federal elected office, campaign finance limits, limits on time allowed to campaign for elective offices, a balanced budget amendment be added to the federal constitution and review and audits of the judicial system concerning what they were set up for by the Founding Fathers which is to protect the individual Liberties and Rights of the people.

RECEIVED
AUG 0 8 2017
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 8, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Brian Hagg regarding a proposed statutory amendment to Chapters 217, 221, 544, 557, 558, and 577 (2018-264)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Brian Hagg on August 8, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
AUG 08 2017
MO. SECRETARY OF STATE

to declare Missouri Statutes 544.455.1, 217.541.1, 217.543.1, 557.011.1, 577.001.1, 217.690.1, 221.025.1, 558.002.1, unconstitutional as stated in Constitution of the United States Amendment VII, Amendment VIII for the convicted persons and for nonconvicted to remove the illegally electronic monitor by private bail/bond companies which are listed in statute 374.700.1., Which are Unconstitutional as stated in Constitution of the United States Amendment I, Amendment IV, Amendment V, Amendment VII, Amendment VIII, Amendment XIV, and Missouri Constitution Article I BILL OF RIGHTS Section 1, Section 2, Section 8, Section 9, Section 10.

used to put people not convicted of a crime violates the persons constitutional rights **Constitution of the United States Amendment I** Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances. **Amendment V** No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation. **Amendment VII** In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any court of the United States, than according to the rules of the common law. **Amendment VIII** Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted. **Amendment IV** The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized. **Amendment XIV** Section 1. All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws. It also violates some of **the Missouri Constitution Article I BILL OF RIGHTS Section 1** That all political power is vested in and derived from the people; that all government of right originates from the people, is founded upon their will only, and is instituted solely for the good of the whole. **Section 2.** Promotion of general welfare—natural rights of persons—equality under the law—purpose of government.—That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design. **Section 8. Freedom of speech—evidence of truth in defamation actions—Province of jury.**—That no law shall be passed impairing the freedom of speech, no matter by what means communicated: that every person shall be free to say, write or publish, or otherwise communicate whatever he will on any subject, being responsible for all abuses of that liberty; and that in all suits and prosecutions for libel or slander the truth thereof may be given in evidence; and in suits and prosecutions for libel the jury, under the direction of the court, shall determine the law and the facts.
Section 9. Rights of peaceable assembly and petition.—That the people have the right peaceably to assemble for their common good, and to apply to those invested with the powers of government for redress of grievances by petition or remonstrance. **Section 10. Due process of law.**—That no person shall be deprived of life, liberty or property without due process of law.

This Missouri statute 544.455.1 also put people under house arrest which is being arrested for the same crime twice, called double jeopardy. (1) Place the person in the custody of a designated person or organization agreeing to supervise him; in custody, this violates a persons I and IV Amendment of Constitution of the United States. (2) Place restriction on the travel, association, or place of abode of the person during the period of release; this violates a persons I, IV, VIII, XIV Amendment of Constitution of the United States. (3) Require the execution of a bail bond with sufficient solvent sureties, or the deposit of cash in lieu thereof; 544.455.1 is in conflict with 532.480.1 this statute does not refer any other conditions after bail. This statute 532.480.1 says the designate the sum in which bail shall be taken, and the court at which he is required to appear, and that, on such bail being entered into, in conformity with such order and the provisions of law, the prisoner shall be discharged. 532.460.1, it appear that there is sufficient legal cause for commitment, he shall proceed to take bail, if the offense be bailable, and good bail be offered;... . 544.455.1, 532.480.1, 532.460.1 none of these statutes refer to each other as a bail being set.

Missouri statute 217.541.1 1. The department shall by rule establish a program of house arrest. The director or his designee may extend the limits of confinement of offenders serving sentences for class D or E felonies who have one year or less remaining prior to release on parole, conditional release, or discharge to participate in the house arrest program. In point 1 of 217.541.1 The Department of Corrections somehow can without a court ruling establish a program of house arrest violating a persons I, IV, V, VII, VIII, XIV Amendment of Constitution of the United States.

Missouri statute 217.543.1 When did a jailer become a judge & have the right to do the same thing as a judge in 217.543.1 below. This Statute217.543.1 is also unconstitutional according to the I, IV, V, VII, VIII, XIV Amendment of Constitution of the United States.

Missouri Statute 221.025.1 Says the electronic monitoring is for, is the same statement in Missouri statute 544.455.1 is also unconstitutional according to the I, IV, V, VII, VIII, XIV Amendment of Constitution of the United States.

Missouri statute Authorized dispositions.557.011. 1. Every person found guilty of an offense shall be dealt with by the court in accordance with the provisions of this chapter, except that for offenses defined outside this code and not repealed, the term of imprisonment or the fine that may be imposed is that provided in the statute defining the offense; however, the conditional release term of any sentence of a term of years shall be determined as provided in subsection 4 of section 558.011 6.monitoring 6. In the event a sentence of confinement is ordered executed, a court may order that an individual serve all or any portion of such sentence on electronic monitoring; except that all costs associated with the electronic monitoring shall be charged to the person on house arrest. If the judge finds the person unable to afford the costs associated with electronic monitoring, the judge may order that the person be placed on house arrest with electronic monitoring if the county commission agrees to pay the costs of such monitoring. If the person on house arrest is unable to afford the costs associated with electronic monitoring and the county commission does not agree to pay from the general revenue of the county the costs of such electronic monitoring, the judge shall not order that the person be placed on house arrest with electronic monitoring. is also unconstitutional according to the I, IV, V, VII, VIII, XIV Amendment of Constitution of the United States.

Missouri statute 577.001 Of (7)Continuous alcohol monitoring", automatically testing breath, blood, or transdermal alcohol concentration levels and tampering attempts at least once every hour, regardless of the location of the person who is being monitored, and regularly transmitting the data. Continuous alcohol monitoring shall be considered an electronic monitoring service under subsection 3 of section 217.690;... is also unconstitutional according to the I, IV, V, VII, VIII, XIV Amendment of Constitution of the United States.

Missouri statute 217.690. 1. When in its opinion there is reasonable probability that an offender of a correctional center can be released without detriment to the community or to himself, the board may in its discretion release or parole such person except as otherwise prohibited by law. All paroles shall issue upon order of the board, duly adopted. 3. The board has discretionary authority to require the payment of a fee, not to exceed sixty dollars per month, from every offender placed under board supervision on probation, parole, or conditional release, to waive all or part of any fee, to sanction offenders for willful nonpayment of fees, and to contract with a private entity for fee collections services. All fees collected shall be deposited in the inmate fund established in section 217.430. Fees collected may be used to pay the costs of contracted collections services. The fees collected may otherwise be used to provide community corrections and intervention services for offenders. Such services include substance abuse assessment and treatment, mental health assessment and treatment, electronic monitoring services, residential facilities services, employment placement services, and other offender community corrections or intervention services designated by the board to assist offenders to successfully complete probation, parole, or conditional release. The board shall adopt rules not inconsistent with law, in accordance with section 217.040, with respect to sanctioning offenders and with respect to establishing, waiving, collecting, and using fees. is also unconstitutional according to the I, IV, V, VII, VIII, XIV Amendment of Constitution of the United States.

Missouri statute 558.002.1 New statute two different fine amounts & misdemeanor for corporations just one type, the rest of the population has 4 in the new statute, also the fine amounts have increased and it has two different fine amounts for C and D Felonies it not just one statute 560.011 it replaced it total of three 560.016 and 560.021. is also unconstitutional according to the VIII Amendment of Constitution of the United States.

Each one of these Missouri Statutes should be removed deemed unconstitutional as stated in Constitution of the United States Amendment I, Amendment IV, Amendment V, Amendment VII, Amendment VIII, Amendment XIV, and Missouri Constitution Article I BILL OF RIGHTS Section 1, Section 2, Section 8, Section 9, Section 10., null and void and taken out of the Missouri statute chapters there in.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

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ELECTIONS DIVISION
(573) 751-2301

August 7, 2017

STATE AUDITOR'S OFFICE
AUG 07 2017
Received

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Charnita Walker regarding a proposed statutory amendment to Chapter 558 (2018-263)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Charnita Walker on August 7, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021,RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(OFFICAL BALLOT TITLE)

RECEIVED
AUG 07 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____
I_____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Number, Street) (City, Town or Village)	Zip Code	Cong. Dist	Name (Printed or Typed)
1					
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10					

Signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GULITY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do_____do not_____(check one) expect to be paid for circulating this petition. If paid list the payer_____

_____
Signature of Affiant
(Person obtaining signatures)

_____
(Printed Name of Affiant)

_____
Address of Affiant

Subscribed and sworn to before me this ____day of_____, A.D._____.

_____
Signature of Notary
Address of Notary: _____
_____

Notary Public (Seal)
My commission expires_____

Be it enacted by the people of the state of Missouri:

Section 558.019, RSMO, subsection 3 would be repealed. In lieu of it a new subsection relating to prison commitment terms for first-time dangerous felony offenders and offenders with multiple convictions of dangerous felonies. The new section: 558.019.3 will read as follows:

3. Other provisions of the law to the contrary notwithstanding, any offender who has more than once been found guilty of a dangerous felony as defined in section 556.061 and is committed to the Department of Corrections shall be required to serve a minimum prison term of eighty-five percent of the sentence imposed by the court or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first.

(1) If the offender has one previous prison commitment to the Department of Corrections for a dangerous felony offense, the minimum prison term which the offender must serve shall be fifty percent of their sentence or until the offender attains seventy years of age, and has served at least forty percent of the sentence imposed, whichever occurs first. If the offender has maintained the best possible institutional score for the year prior to their scheduled parole hearing date, then parole shall be granted. If parole is denied, a hearing shall be scheduled every two years until offender is paroled. The first-time conviction exception of this subsection shall be applicable to all dangerous felonies occurring on or after August 28, 1994.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 7, 2017

AUG 07 2017
RECEIVED

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapters 156 and 290, Version 2 (2018-262)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on August 7, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
AUG 07 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ _____
Signature of Affiant (Person obtaining signatures) Street address of Affiant

_____ _____
Printed Name of Affiant City, State and Zip Code of Affiant

Subscribed and sworn to before me this ____ day of _____, A.D. _____

_____ Notary Public (Seal)
Signature of Notary

_____ My commission expires:
Address of Notary

Be it enacted by the people of the state of Missouri

To form a new Chapter numbered 156. The title of the new chapter will be "Taxation of 'Gross State Product" to prevent Monopolistic Practices'.

156.010 1. Beginning on January 1, 2019, any non-public business that does business in the state of Missouri that has a "Gross State Product" exceeding 10 million dollars will be levied a sum equal to 5% of their "Gross State Product". This levy will be accessed on the previous year's "Gross State Product" and payments will be made quarterly.

(a) Any of the businesses meeting this qualification that also controls more than 50% of the products and services sold or distributed or have sufficient control to cause barriers to entry in commerce in the state of Missouri will be levied an additional sum of 5% of their "Gross State Product".

(b) Any business that exceeds the 10 million dollars "Gross State Product" and has ***vertical integration*** of 70% or more of their product will be levied an additional 5% of their "Gross State Product".

(1), Vertical Integration will be calculated by the sum of increased value or by the amount of labor involved or by the investment of money involved in the process, whichever is larger.

(2). If the investment is the standard for calculation and the final process is a distribution point, the final dollar amount will be the wholesale value at that point.

2. All funds collected will go to the state road fund.

3. Any non-public business that does business in the state of Missouri that has a "Gross State Product" exceeding 10 million dollars will provide their employees the following benefits:

(a) All full-time employees (those exceeding 32 hours weekly) will receive medical insurance'

(b) All full-time employees (those exceeding 32 hours weekly) will earn vacation time of at least 1 week the first year, 2 weeks the second year, and 3 weeks after 5 years. One week of sick leave will be granted each year which will accumulate if unused. If 5 weeks have been accumulated, this amount will be placed in a separate trust fund from the business and be available for future illness and/or available to the employee at retirement or age of 60.

(c) All employees will have choice of positions that they are qualified for on a seniority basis. Transfers will be allowed for bid at least once per year.

(d) All employees will have a weekly posted schedule. Ten percent of the work force may be on an on-call basis. The 'on-call position will be a bid position available by seniority.

4. 290.502

1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Any non-public business that does business in the state of Missouri that has a "Gross State Product" exceeding 10 million dollars will pay a minimum wage of $15.00 per hour inflation-adjusted beginning on January 1, 2019.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

STATE AUDITOR'S OFFICE
RECEIVED
AUG 07 20..

August 7, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapters 156 and 290, Version 1 (2018-261)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on August 7, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
AUG 07 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this ___ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

"Be it resolved by the people of the state of Missouri that the Constitution be amended:"
To form a new Chapter numbered 156. The title of the new chapter will be "Taxation of 'Gross State Product" to prevent Monopolistic Practices'.

156.010 1. Beginning on January 1, 2019, any non-public business that does business in the state of Missouri that has a "Gross State Product" exceeding 10 million dollars will be levied a sum equal to 5% of their "Gross State Product". This levy will be accessed on the previous year's "Gross State Product" and payments will be made quarterly.

(a) Any of the businesses meeting this qualification that also controls more than 50% of the products and services sold or distributed or have sufficient control to cause barriers to entry in commerce in the state of Missouri will be levied an additional sum of 5% of their "Gross State Product".

(b) Any business that exceeds the 10 million dollars "Gross State Product" and has ***vertical integration*** of 70% or more of their product will be levied an additional 5% of their "Gross State Product".

(1), Vertical Integration will be calculated by the sum of increased value or by the amount of labor involved or by the investment of money involved in the process, whichever is larger.

(2). If the investment is the standard for calculation and the final process is a distribution point, the final dollar amount will be the wholesale value at that point.

2. All funds collected will go to the state road fund.

3. Any non-public business that does business in the state of Missouri that has a "Gross State Product" exceeding 10 million dollars will provide their employees the following benefits:

(a) All full-time employees (those exceeding 32 hours weekly) will receive medical insurance'

(b) All full-time employees (those exceeding 32 hours weekly) will earn vacation time of at least 1 week the first year, 2 weeks the second year, and 3 weeks after 5 years. One week of sick leave will be granted each year which will accumulate if unused. If 5 weeks have been accumulated, this amount will be placed in a separate trust fund from the business and be available for future illness and/or available to the employee at retirement or age of 60.

(c) All employees will have choice of positions that they are qualified for on a seniority basis. Transfers will be allowed for bid at least once per year.

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4. 290.502

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2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Any non-public business that does business in the state of Missouri that has a "Gross State Product" exceeding 10 million dollars will pay a minimum wage of $15.00 per hour inflation-adjusted beginning on January 1, 2019.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 7, 2017

STATE AUDITOR'S OFFICE
RECEIVED
AUG 07 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 156, Version 2 (2018-260)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on August 7, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
AUG 07 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

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_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this ___ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

Be it enacted by the people of the state of Missouri

To form a new Chapter numbered 156. The title of the new chapter will be "Taxation of 'Gross State Product" to prevent Monopolistic Practices'.

156.010 1. Beginning on January 1, 2019, any non-public business that does business in the state of Missouri that has a "Gross State Product" exceeding 10 million dollars will be levied a sum equal to 5% of their "Gross State Product". This levy will be accessed on the previous year's "Gross State Product" and payments will be made quarterly.

(a) Any of the businesses meeting this qualification that also controls more than 50% of the products and services sold or distributed or have sufficient control to cause barriers to entry in commerce in the state of Missouri will be levied an +

(b) Any business that exceeds the 10 million dollars "Gross State Product" and has ***vertical integration*** of 70% or more of their product will be levied an additional 5% of their "Gross State Product".

(1). Vertical Integration will be calculated by the sum of increased value or by the amount of labor involved or by the investment of money involved in the process, whichever is larger.

(2). If the investment is the standard for calculation and the final process is a distribution point, the final dollar amount will be the wholesale value at that point.

2. All funds collected will go to the state road fund.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

STATE AUDITOR'S OFFICE
RECEIVED
AUG 07 2017

August 7, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 156, Version 1 (2018-259)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on August 7, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
AUG 07 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

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_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

"Be it resolved by the people of the state of Missouri that the Constitution be amended:"

To form a new Chapter numbered 156. The title of the new chapter will be "Taxation of 'Gross State Product" to prevent Monopolistic Practices'.

156.010 1. Beginning on January 1, 2019, any non-public business that does business in the state of Missouri that has a "Gross State Product" exceeding 10 million dollars will be levied a sum equal to 5% of their "Gross State Product". This levy will be accessed on the previous year's "Gross State Product" and payments will be made quarterly.

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(b) Any business that exceeds the 10 million dollars "Gross State Product" and has ***vertical integration*** of 70% or more of their product will be levied an additional 5% of their "Gross State Product".

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(2). If the investment is the standard for calculation and the final process is a distribution point, the final dollar amount will be the wholesale value at that point.

2. All funds collected will go to the state road fund.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 7, 2017

STATE AUDITOR'S OFFICE
RECEIVED
AUG 07 2017
RECEIVED

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapters 147, 161, and 191 (2018-258)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on August 7, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
AUG 07 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this ___ day of _____, A.D. _____

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

Be it enacted by the people of the state of Missouri

The annual franchise tax will be amended as follows:

147.010 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state exceed two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter 351 or not, shall be subject to this section. Any corporation whose outstanding shares and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state that fact on the annual report form prescribed by the secretary of state. For all taxable years beginning on or after January 1, 2000, but ending before December 31, 2009, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do not exceed one million dollars shall state that fact on the annual report form prescribed by the director of revenue. For taxable years beginning on or after January 1, 2010, but before December 31, 2011, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars. For all taxable years beginning on or after January 1, 2010, but before December 31, 2015, any corporation whose outstanding shares and surplus do not exceed ten million dollars shall state that fact on the annual report form prescribed by the director of revenue. For all taxable years beginning on or after January 1, 2011, but before December 31, 2015, a corporation's annual tax liability under this chapter shall not exceed the amount of annual franchise tax liability of such corporation for the taxable year ending on or before December 31, 2010. If the corporation had no annual franchise tax liability under this chapter for the taxable year ending on or before December 31, 2010, because such corporation was not in existence or doing business in Missouri, the annual franchise tax for the first taxable year in which such corporation exists shall be determined by applying the applicable rate of tax provided under the provisions of this subsection to the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars, but in no case shall such corporation's tax liability for any subsequent taxable year exceed the amount of annual franchise tax liability of such corporation for the first full taxable year such corporation was in existence or doing business in Missouri. For taxable years beginning on or after January 1, 2012, the annual franchise tax shall be equal to the percentage rate prescribed in this subsection for the corresponding taxable year of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed the corresponding minimum threshold amount prescribed as follows:

(1) For tax year 2012, the rate shall be one-thirty-seventh of one percent and the threshold amount shall be ten million dollars;

(2) For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold amount shall be ten million dollars;

(3) For tax year 2014, the rate shall be one-seventy-fifth of one percent and the threshold amount shall be ten million dollars;

(4) For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the threshold amount shall be ten million dollars;

[(5) For tax years beginning on or after January 1, 2016, no annual franchise tax shall be imposed under this section.]

(5) For the tax year 2019, the rate shall be one percent and the threshold amount shall be ten million dollars and shall remain at that rate unless changed through a ballot of the citizens of the state of Missouri. The first quarterly payment will be due on April 15th of 2019.

(6) Three quarters of the revenue of the annual franchise tax will be to provide revenue for the school districts with a 15% or more poverty level of the Missouri public-school system including pre-kindergarten, elementary and secondary education. The revenue generated from the franchise tax for this section will go to a dedicated fund that will be distributed as listed in 161.020 6., 161.098, 161.213, 191.803, 167.031, and 161.650. Any unused funds will be used by the department of education as needed to enhance the education of Missouri students. The Missouri budget for elementary and secondary education will not be replaced by this bill. The elementary and secondary education budgets will remain at least equal to a percent of the total budget from general revenue in future years as during the year 2015. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget.

(7) One quarter of the revenue of the annual franchise tax will be to provide revenue for the Department of Higher Education Budget. The Missouri budget for the Department of Higher Education will not be replaced by this bill. The Department of Higher Education Budget by the state will remain at least equal to a percent of the total budget from general revenue in future years as during the year 2015. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget. The initial revenue of $48 million from the annual franchise tax will go to help finance construction of a downtown arts campus for the University of Missouri in Kansas City. The revenue generated after this date will be allotted to the budget of the Department of Higher Education to spend as needed with an emphasis on increasing full time and tenured professors.

All subsections and all clauses of this statute, and the phrases, and the words within them, are severable If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby

The dedicated fund for the pre-kindergarten, elementary and secondary will be distributed as listed as follows:

-

Department of elementary and secondary education created--superintendents of schools for deaf and for blind students--appointment.

161.020 1. There is hereby created a department of elementary and secondary education headed by a state board of education as provided in Article IX, Constitution of Missouri, and chapter 161 and others. The state board shall appoint a commissioner of education as the chief administrative officer of the department.

2. The department of education, chapter 161 and others, is abolished and its powers, duties, personnel and property are transferred as provided in this act*.

3. The division of public schools of the department of education, chapter 161 and others, is abolished and its powers, duties, personnel and property, with exceptions specified elsewhere in this act*, are transferred by type I transfer to the department of elementary and secondary education.

4. The Missouri School for the Deaf, chapter 178 and others, and the Missouri School for the Blind, chapter 178 and others, are transferred to the department of elementary and secondary education by a type I transfer. The commissioner of education shall appoint superintendents for these schools and members of the advisory boards, provided in chapter 178 and others.

5. The commissioner of education that is installed by the state department of health and senior services will set up a separate department to distribute the funds from the franchise tax and shall appoint and shall fix the powers, duties, and compensation that will be responsible for distribution of funds as set out in this fund for distribution of revenue to pre-kindergarten, elementary and secondary education. That director will use those funds to finance changes to Chapter 161, RSMo and Chapter 191, RSMo by this act. The director will act as a liaison between this fund and the state appropriated education expenses to prevent duplication and co-ordinate services. Balances left over will be used to enhance other sections of Chapter 161 as the director sees a need.

-

6. The proceeds from the franchise tax shall be distributed in this order of priority as funds are available:

(1) 161.098. 2 -for bonus pay to retain teachers in distressed areas.

(2) 161.213. section 1 (1), (2), and (6) -will supplement funds for expanding Pre-K and furnishing notebooks. The franchise tax will be only for expanding this section and not for budgeted funds already targeted to this section.

(3) 191.803 section 1, (a) and section 5. added benefits for poverty areas, to be added as time and funds are available. Legislature will revisit on sunset date.

(4) 161.650 section 1, (1), (2), (3) may require start-up costs, but should show a long-term savings. Available funds to target startup costs.

Retention and recruitment of teachers, report required.

161.098 1. Beginning December 15, 1999, and annually by that date in each following year, the state board of education shall report to the general assembly on the retention and recruitment of teachers in the state's schools. The report shall include, but not be limited to, information on the numbers of teachers entering and leaving employment in the public schools of the state, analysis of the issues affecting teacher recruitment, including the need for identifying African-American and other minority students, including males, who show potential or interest in becoming a teacher, recruiting such students as prospective teachers, and methods for providing financial aid to such students, and suggestions for meeting predicted needs of numbers of teachers and in areas of certification.

2. All school districts with a 15% or more poverty level by using proceeds from the franchise tax will:

(a) Receive a 5% pay raise for teachers financed by the proceeds of the franchise tax. Current pay levels will be maintained by the district with inflation adjusted raises.

(b) After 3 years teaching in the same school district, another 5% will be added to the teacher's pay. The raises will be maintained by the franchise tax in future years as long as current pay levels for each school district are maintained adjusted for inflation.

(c) The increased pay will be given as a bonus at the end of the school year. This will be effective the first full school year after implementation of the franchise tax.

(L. 1998 S.B. 781 § 161.220)

High-quality early childhood education standards required—rule making authority.

161.213. 1. The department of elementary and secondary education shall develop standards for high-quality early childhood education no later than June 30, 2007. The standards shall be applicable to all public school prekindergarten programs that receive Title I or Missouri preschool project funds.

(1) All school districts to provide Universal Pre-K education for those who will become age 4 by the end of the calendar year. Because of the lengthy preparations, implementation of the Pre-K programs will target completion of all affected districts will be in a four-year period ending 2023. Districts with the highest poverty level will be implemented first. All children meeting age and residence will be eligible for Universal Pre-K. When Pre-K becomes available, all eligible children will be required to attend Pre-K.

(2) For non-public schools, each student will receive at least 2 ½ hours of instruction. The instructor will be provided by the state and will be travel from one location to another or hold multiple instructions at the same location. This will allow one teacher to attend 2 or more schools to utilize their time for maximum efforts. Computer and online teaching aids will be utilized to allow individual learning. Notebooks with learning programs will be allowed to be taken home.

2. Such standards shall include, but not be limited to, the following principles:

(1) Access for all children whose parents or guardians choose to participate;

(2) Focus on cognitive, language, physical, and social/emotional development;

(3) Assessment of needs of children and their families;

(4) Highly qualified and properly certified teachers; and

(5) Delivery of comprehensive services supported by strong and accessible technical assistance and professional development.

(6) Will provide, beginning in the school year of 2019-2020, notebooks or equivalent with learning programs to all children enrolled in public education in all districts having a poverty rate of 10% or more. Every three years the students will receive a current notebook through 6th grade. Discarded notebooks will be used for replacement of lost, stolen or dysfunctional notebooks. Notebooks will be distributed to those beginning in Pre-K. This franchise tax will only pay for notebooks in those districts that have levels of poverty above 15%.

3. In developing such standards, the department shall involve representatives of the business community, parents as teachers, head start, early childhood start, early childhood special education, Missouri pre-school project, first steps, Title I preschools, school district personnel, private providers, and faith-based providers.

4. Unless otherwise prohibited by federal law, public school districts shall not be prohibited from charging tuition and related charges for early childhood education programs. Children living in poverty conditions (one hundred eighty-five percent of the federal poverty level) will not be charged.

5. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2006, shall be invalid and void.

(L. 2006 H.B. 1511)

191.803. Boards of education to establish breakfast program — rules — waiver, procedure. — 1. By July 1, 1993, the board of education of each school in this state in which thirty-five percent or more of the students enrolled in the school on October first of the preceding school year were eligible for free or reduced-price meals shall establish a school breakfast program.

(a) In school districts with levels of poverty above 15%, schools will provide student care to be available for all students from Pre-K through 6th grade starting at 6 AM for before school and after school care until 6 PM. Breakfast, lunch and an evening meal or snack will be provided at no cost to all students in these areas regardless of income.

2. The department of elementary and secondary education may promulgate rules and regulations necessary for implementation of sections 191.800 to 191.815 in compliance with federal guidelines pursuant to the provisions of 42 U.S.C. 1773.

3. A school shall receive a waiver from the requirements of this section if the school board of the school district by majority vote adopts a resolution requesting a waiver.

4. A school district requesting a waiver must file in writing notification that it has adopted a resolution which excuses the district from the requirements of this section. Such writing shall be filed with the Missouri department of elementary and secondary education. Such a waiver shall be valid for a period of three years.

5. All school districts with a poverty level of 15% or more will have 12-month schooling for Pre-K through 6th-grade levels.

(1) All schools from pre-K through senior high will have an arts program, a music program, technical courses and will have chess classes.

(2) In schools with more than 10% minority groups, courses offered will include Bi-lingual and bi-culture classes and one year of secondary level history classes including:

a. one term (quarter), Native American,

b. one term (quarter), Hispanic,

c. one term (quarter), European and Asian History,

d. one term (quarter), Black History.

6 School districts with a poverty level of 15% or more will have staff available to allow after school, weekend and vacation times so that students 6th-grade levels and up will have supervised play areas at school areas. Computer lab and inside access will be available for those with disabilities and on days unfit for outside activity.

Termination 9-01-20

(Section 167.031, RSMo, states that any parent, guardian or other person having custody or control of a child between the ages of seven (7) and the compulsory attendance age for the district, must ensure that the child is enrolled in and regularly attends public, private, parochial, home school or a combination of schools for the full term of the school year.

The term "compulsory attendance age for the district" shall mean seventeen (17) years of age or having successfully completed sixteen (16) credits towards high school graduation in all other cases (Amish students ruled by Supreme Court to only have 8 years of classes. No part of this amendment will be applied to Amish school in a manner which violates this ruling).

Children between the ages of five (5) and seven (7) are not required to be enrolled in school. As Pre-K becomes available, enrollment will be required of all who will be 4 at the end of the calendar year. However, if they are enrolled in a public school their parent, guardian or custodian must ensure that they regularly attend.)

1. All schools, including: Amish, religion associated, homeschooling or other 'for profit', will meet the Missouri test regime, (§160.518, RSMo) which compels the State Board of Education and the Department of Elementary and Secondary Education to annually measure "by grade level a student's knowledge of academic subjects.

2. Any school that does not provide students that can pass the requirements of §160.518, RSMo for three consecutive years will not be considered filling the obligation of an educational school. Either the school will shut down or the state will take over the administration of the school. The failing school will not fulfill the obligation of being a school that allows a parent or guardian to fulfill the 'The Compulsory Attendance Law':

Department to identify and adopt violence prevention program, district to administer--state board to adopt violence prevention program--duties--administered how--funding.

161.650.

1. The department of elementary and secondary education shall identify and adopt an existing program or programs of educational instruction regarding violence prevention to be administered by public school districts pursuant to subsection 2 of this section, and which shall include, but shall not be limited to, instructing students of the negative consequences, both to the individual and to society at large, of membership in or association with criminal street gangs or participation in criminal street gang activity, as those phrases are defined in section 578.421, and shall include related training for school district employees directly responsible for the education of students concerning violence prevention and early

identification of and intervention in violent behavior. The state board of education shall adopt such program or programs by rule as approved for use in Missouri public schools. The program or programs of instruction shall encourage nonviolent conflict resolution of problems facing youth; present alternative constructive activities for the students; encourage community participation in program instruction, including but not limited to parents and law enforcement officials; and shall be administered as appropriate for different grade levels and shall not be offered for academic credit.

(1) Except in extreme instances (court ordered or security threats), no police officer will be on campus with a firearm. Police officers performing community service will be unarmed. In the case of police making an arrest on a school campus, no handcuffs or restraints will be used unless there is a danger to others.

(2) SRO (School Resource Officers) will be phased out in all schools. They will be replaced by trained counselors and staff. Each school will have fully trained personnel to address any issues that students may have. Rural areas with smaller school system may share personnel.

(3) To address school suspensions and expulsions and encourage high school graduation, the following procedures will be enacted in all schools:

(a) School administrators will develop a structured process to assess whether a student who makes a threat is likely to carry out that threat. Each school will use "restorative justice practices" instead of or in addition to suspensions or expulsions. If a threat is deemed unlikely, the student will be counseled and/or disciplined, but not suspended.

(b) All teachers will receive training in Positive Behavioral Support (PBS). If surplus monies are available, funds will be allotted to the Missouri Schoolwide Positive Behavior Support (MO SW-PBS).

(c) Beginning immediately as funds are available, a target date of three years having all schools at the maximum level for MO SW-PBS objectives.

A. Any teacher recommending multiple expulsions will receive "My Teacher Partner Program (MPT)" training. All teachers will receive training in behavior management skills. Teachers with minority students will receive culture training for different ethnic groups

B. No student will be segregated for disciplinary reasons without a teacher to keep them current in their education.

2. All public-school districts within this state with the approval of the district's board of education may administer the program or programs of student instruction adopted pursuant to subsection 1 of this section to students within the district starting at the kindergarten level and every year thereafter through the twelfth-grade level.

3. Any district adopting and providing a program of instruction pursuant to this section shall be entitled to receive state aid pursuant to section 161.031. If such aid is determined by the department to be insufficient to implement any program or programs adopted by a district pursuant to this section:

(1) The department may fund the program or programs adopted pursuant to this section or pursuant to subsection 2 of section 160.530, or both, after securing any funding available from alternative sources; and

(2) School districts may fund the program or programs from funds received pursuant to subsection 1 of section 160.530.

4. No rule or portion of a rule promulgated pursuant to this section shall become effective unless it has been promulgated pursuant to chapter 536.

(L. 1996 H.B. 1301 & 1298 § 3, A.L. 2000 S.B. 944, A.L. 2010 H.B. 1543)

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 3, 2017

RECEIVED
AUG 0 3 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 208, Version 2 (2018-257)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on August 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
AUG 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
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10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

Be it enacted by the people of the state of Missouri

Chapter 208,RSMo, is amended by adding thereto one new section, to be known as section 208.207, to read as follows:

1. Beginning January 1, 2019, individuals age nineteen to sixty-four, who are not otherwise eligible for MO HealthNet services under this chapter, who qualify for MO HealthNet services under section 42 U.S.C. 1396a(a)(10()(A)(i)(VIII) and as set forth in 42 CFR 435.119, and who have income at or below one hundred thirty-three percent of the federal poverty level plus five percent of the applicable family size as determined under 42 U.S.C. 1396a(e)(14) and as set forth om 42 CFR 435.603, shall be eligible for medical assistance under Mo HealthNet and shall receive coverage for the health benefits service package.

2. For purposes of this section, "health benefits service package" shall mean, subject to federal approval, benefits covered by the MO HealthNet program as determined by the department of social services to meet the benchmark or benchmark-equivalent coverage requirement under 42 U.S.C. 1396a(k)(1).

3. The reimbursement rate to MO HealthNet providers for MO HealthNet services provided to individuals qualifying under the provisions of this section shall be comparable to commercial reimbursement payment levels with trend adjustment for comparable services. The rates shall be determined annually by the department of social services, and the department may develop such rates through a contracted actuary. The higher commercial comparable rates shall only apply for services provided to individuals qualifying under this section.

4. (1) The department of social services shall discontinue eligibility for persons who are eligible under subsection 1 of this section if:

(a) The federal medical assistance percentage established under 42 U.S.C. Section 1396d(y) or 1369d(z) is less than ninety percent as specified for 2020 each year thereafter or an amount determined by the MO HealthNet oversight committee to be necessary to maintain state budget solvency, whichever is lower; and

(b) The general assembly votes to discontinue eligibility for persons who are eligible under subsection 1 of this section. Prior to any vote under this paragraph, the MO HealthNet oversight committee and the department of social services shall provide the general assembly with information on the current and projected expenses incurred due to expanding eligibility to persons under subsection 1 of this section in relation to health-related savings and revenues and health outcomes of individuals and families receiving benefits under subsection 1 of this section.

(2) The department of social services shall inform persons eligible under subsection 1 of this section that their benefits may be reduced or eliminated if federal funding decreases of is eliminate.

5. The MO HealthNet oversite committee shall conduct research and investigate any potential health-related savings and revenues associated with expanding eligibility to persons under subsection 1 of this section. The committee shall investigate the federal matching rate below which the state could not maintain the expanded eligibility to persons under subsection 1 of this section. If the amount is determined to be greater than ninety percent, the committee shall report its findings to the general assembly for its consideration prior to any vote under paragraph (b) of subdivision (1) of subsection 4 of this section. In conducting its research and investigation, the committee shall also determine the feasibility of:

(1) Implementing capped cost sharing for persons eligible under subsection 1 of this section which may be reduced based on healthy behaviors of participants.

(2) Expanding Medicaid coverage for certain health care services that are currently financed by the state: and

(3) Enrolling persons under subsection 1 of this section in private health benefit plans.

6. All person living one hundred eighty-five percent of the federal poverty level for the applicable family size will be eligible for paid birth control methods to be paid from Medicaid. Birth control and family planning covered by this bill which will begin on January 1, 2019. There will be no cost for family planning services, including office visits and drugs/devices to the patient. The patient will not have to pay a co-

payment for family planning services. The patient can go to any health provider who offers family planning services such as:

(a) Birth control pills, Patches (like the OrthoEvra Patch), Vaginal rings (like the NuvaRing), Injections (like the Depo shot), Implants (like Implanon), Intrauterine devices (IUDs – like Mirena or Paragard), Emergency birth control ("the morning-after pill"), Diaphragms, Condoms, Surgical sterilization for clients 21 years old and older (like vasectomies or tubal ligation's, including the Essure procedure) or any future approved medical procedures will be included at the patient's choice.

(b) An ob/gyn or gynecologist, a certified nurse-midwife, a nurse practitioner or other advanced practice nurse, a family planning clinic, your regular doctor or primary care provider or Planned Parenthood unit that accepts Medicaid.

Birth control and family planning will be available to eligible MO women and male residents 13 years of age and over with proof of age and residence. Those seeking birth control and family planning will not need permission from family, spouses or guardians. Confidentially will be ensured at all levels. Any savings to the state from Medicaid expansion that is not used for family planning and birth control will go toward the reduction of the levy on hospitals that this bill mandates.

7. If at any time funding for Planned Parenthood by the federal government is discontinued or if it has already been discontinued at the passage of this amendment, the hospital levy will be increased enough to replace the federal funding of Planned Parenthood to a level at least equal to that of 2015 adjusted for inflation. The state of MO will fund Planned Parenthood at a level at least equal to 2015 adjusted for inflation beginning on Jan 1, 2019, and if by the time this measure is accepted, the state of MO has stopped funding Planned Parenthood, the state will begin funding Planned Parenthood again at a level equal to 2015 inflation-adjusted.

8. The cost to the state for expanding medical coverage will be borne by the hospitals in the state of Missouri as follows:

(a) All hospitals in MO will be accessed a fee to pay for the expense of this expansion. The first year will be an estimate by the 'department of health and senior services'. Assessment will be made based on the most recent records of 'department of health and senior services' for a full year and adjustments for new assessments will begin on the first of April of each following year. Each hospital will pay a share equal to the percentage of patient admittance of each hospital of the total MO visits. Each admittance will count separately even though it is a re-admittance. Hospitals will begin monthly payments on Jan 1, 2019. Hospitals will make monthly payments to the state of MO into a fund that will only be used for the full Federal Medicaid Expansion, Planned Parenthood and birth control for residents of Missouri.

(b) Missouri will make immediate application and if fees for implementation have not occurred from the hospitals on implementation, the state will borrow from reserve funds to expedite enrollment. These funds will be paid back upon receipt of funds beginning on Feb 15, 2019.

9. The 'MO HealthNet oversight committee shall conduct research and investigation for any potential heath related savings and revenues associated with expanding Medicaid eligibility and for birth control resulting in fewer births and associated costs as well as savings from continuing 'Planned Parenthood'. Any savings will go to the reduction or elimination of hospital levy. Any additional savings will go to the mental health budget. The 'health and senior services' budget in future years will remain at least at the same percent of total MO budget as in 2015 with the excess not needed going to the mental health budget with priorities for communities with the highest percent of poverty.

10. All subsections and all clauses of this statute, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 3, 2017

RECEIVED
AUG 0 3 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 208, Version 1 (2018-256)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on August 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
AUG 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

Be it enacted by the people of the state of Missouri

Chapter 208,RSMo, is amended by adding thereto one new section, to be known as section 208.207, to read as follows:

1. Beginning January 1, 2019, individuals age nineteen to sixty-four, who are not otherwise eligible for MO HealthNet services under this chapter, who qualify for MO HealthNet services under section 42 U.S.C. 1396a(a)(10()(A)(i)(VIII) and as set forth in 42 CFR 435.119, and who have income at or below one hundred thirty-three percent of the federal poverty level plus five percent of the applicable family size as determined under 42 U.S.C. 1396a(e)(14) and as set forth om 42 CFR 435.603, shall be eligible for medical assistance under Mo HealthNet and shall receive coverage for the health benefits service package.

2. For purposes of this section, "health benefits service package" shall mean, subject to federal approval, benefits covered by the MO HealthNet program as determined by the department of social services to meet the benchmark or benchmark-equivalent coverage requirement under 42 U.S.C. 1396a(k)(1).

3. The reimbursement rate to MO HealthNet providers for MO HealthNet services provided to individuals qualifying under the provisions of this section shall be comparable to commercial reimbursement payment levels with trend adjustment for comparable services. The rates shall be determined annually by the department of social services, and the department may develop such rates through a contracted actuary. The higher commercial comparable rates shall only apply for services provided to individuals qualifying under this section.

4. (1) The department of social services shall discontinue eligibility for persons who are eligible under subsection 1 of this section if:

(a) The federal medical assistance percentage established under 42 U.S.C. Section 1396d(y) or 1369d(z) is less than ninety percent as specified for 2020 each year thereafter or an amount determined by the MO HealthNet oversight committee to be necessary to maintain state budget solvency, whichever is lower; and

(b) The general assembly votes to discontinue eligibility for persons who are eligible under subsection 1 of this section. Prior to any vote under this paragraph, the MO HealthNet oversight committee and the department of social services shall provide the general assembly with information on the current and projected expenses incurred due to expanding eligibility to persons under subsection 1 of this section in relation to health-related savings and revenues and health outcomes of individuals and families receiving benefits under subsection 1 of this section.

(2) The department of social services shall inform persons eligible under subsection 1 of this section that their benefits may be reduced or eliminated if federal funding decreases of is eliminate.

5. The MO HealthNet oversite committee shall conduct research and investigate any potential health-related savings and revenues associated with expanding eligibility to persons under subsection 1 of this section. The committee shall investigate the federal matching rate below which the state could not maintain the expanded eligibility to persons under subsection 1 of this section. If the amount is determined to be greater than ninety percent, the committee shall report its findings to the general assembly for its consideration prior to any vote under paragraph (b) of subdivision (1) of subsection 4 of this section. In conducting its research and investigation, the committee shall also determine the feasibility of:

(1) Implementing capped cost sharing for persons eligible under subsection 1 of this section which may be reduced based on healthy behaviors of participants.

(2) Expanding Medicaid coverage for certain health care services that are currently financed by the state: and

(3) Enrolling persons under subsection 1 of this section in private health benefit plans.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 3, 2017

RECEIVED
AUG 0 3 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapters 147, 161, and 191 (2018-255)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on August 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
AUG 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

Be it enacted by the people of the state of Missouri

The annual franchise tax will be amended as follows:

147.010 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state exceed two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter 351 or not, shall be subject to this section. Any corporation whose outstanding shares and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state that fact on the annual report form prescribed by the secretary of state. For all taxable years beginning on or after January 1, 2000, but ending before December 31, 2009, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do not exceed one million dollars shall state that fact on the annual report form prescribed by the director of revenue. For taxable years beginning on or after January 1, 2010, but before December 31, 2011, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars. For all taxable years beginning on or after January 1, 2010, but before December 31, 2015, any corporation whose outstanding shares and surplus do not exceed ten million dollars shall state that fact on the annual report form prescribed by the director of revenue. For all taxable years beginning on or after January 1, 2011, but before December 31, 2015, a corporation's annual tax liability under this chapter shall not exceed the amount of annual franchise tax liability of such corporation for the taxable year ending on or before December 31, 2010. If the corporation had no annual franchise tax liability under this chapter for the taxable year ending on or before December 31, 2010, because such corporation was not in existence or doing business in Missouri, the annual franchise tax for the first taxable year in which such corporation exists shall be determined by applying the applicable rate of tax provided under the provisions of this subsection to the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars, but in no case shall such corporation's tax liability for any subsequent taxable year exceed the amount of annual franchise tax liability of such corporation for the first full taxable year such corporation was in existence or doing business in Missouri. For taxable years beginning on or after January 1, 2012, the annual franchise tax shall be equal to the

percentage rate prescribed in this subsection for the corresponding taxable year of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed the corresponding minimum threshold amount prescribed as follows:

(1) For tax year 2012, the rate shall be one-thirty-seventh of one percent and the threshold amount shall be ten million dollars;

(2) For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold amount shall be ten million dollars;

(3) For tax year 2014, the rate shall be one-seventy-fifth of one percent and the threshold amount shall be ten million dollars;

(4) For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the threshold amount shall be ten million dollars;

[(5) For tax years beginning on or after January 1, 2016, no annual franchise tax shall be imposed under this section.]

(5) For the tax year 2019, the rate shall be one percent and the threshold amount shall be ten million dollars and shall remain at that rate unless changed through a ballot of the citizens of the state of Missouri. The first quarterly payment will be due on April 15th of 2019.

(6) Three quarters of the revenue of the annual franchise tax will be to provide revenue for the school districts with a 15% or more poverty level of the Missouri public-school system including pre-kindergarten, elementary and secondary education. The revenue generated from the franchise tax for this section will go to a dedicated fund that will be distributed as listed in 161.020 6., 161.098, 161.213, 191.803, 167.031, and 161.650. Any unused funds will be used by the department of education as needed to enhance the education of Missouri students. The Missouri budget for elementary and secondary education will not be replaced by this bill. The elementary and secondary education budgets will remain at least equal to a percent of the total budget from general revenue in future years as during the year 2015. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget.

(7) One quarter of the revenue of the annual franchise tax will be to provide revenue for the Department of Higher Education Budget. The Missouri budget for the Department of Higher Education will not be replaced by this bill. The Department of Higher Education Budget by the state will remain at least equal to a percent of the total budget from general revenue in future years as during the year 2015. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget. The initial revenue of $48 million from the annual franchise tax will go to help finance construction of a downtown arts campus for the University of Missouri in Kansas City. The revenue generated after this date will be allotted to the budget of the Department of Higher Education to spend as needed with an emphasis on increasing full time and tenured professors.

All subsections and all clauses of this statute, and the phrases, and the words within them, are severable If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby

The dedicated fund for the pre-kindergarten, elementary and secondary will be distributed as listed as follows:

Department of elementary and secondary education created--superintendents of schools for deaf and for blind students--appointment.

161.020 1. There is hereby created a department of elementary and secondary education headed by a state board of education as provided in Article IX, Constitution of Missouri, and chapter 161 and others. The state board shall appoint a commissioner of education as the chief administrative officer of the department.

2. The department of education, chapter 161 and others, is abolished and its powers, duties, personnel and property are transferred as provided in this act*.

3. The division of public schools of the department of education, chapter 161 and others, is abolished and its powers, duties, personnel and property, with exceptions specified elsewhere in this act*, are transferred by type I transfer to the department of elementary and secondary education.

4. The Missouri School for the Deaf, chapter 178 and others, and the Missouri School for the Blind, chapter 178 and others, are transferred to the department of elementary and secondary education by a type I transfer. The commissioner of education shall appoint superintendents for these schools and members of the advisory boards, provided in chapter 178 and others.

5. The commissioner of education that is installed by the state department of health and senior services will set up a separate department to distribute the funds from the franchise tax and shall appoint and shall fix the powers, duties, and compensation that will be responsible for distribution of funds as set out in this fund for distribution of revenue to pre-kindergarten, elementary and secondary education. That director will use those funds to finance changes to Chapter 161, RSMo and Chapter 191, RSMo by this act. The director will act as a liaison between this fund and the state appropriated education expenses to prevent duplication and co-ordinate services. Balances left over will be used to enhance other sections of Chapter 161 as the director sees a need.

6. The proceeds from the franchise tax shall be distributed in this order of priority as funds are available:

(1) 161.098. 2 -for bonus pay to retain teachers in distressed areas.

(2) 161.213. section 1 (1), (2), and (6) -will supplement funds for expanding Pre-K and furnishing notebooks. The franchise tax will be only for expanding this section and not for budgeted funds already targeted to this section.

(3) 191.803 section 1, (a) and section 5. added benefits for poverty areas, to be added as time and funds are available. Legislature will revisit on sunset date.

(4) 161.650 section 1, (1), (2), (3) may require start-up costs, but should show a long-term savings. Available funds to target startup costs.

Retention and recruitment of teachers, report required.

161.098 1. Beginning December 15, 1999, and annually by that date in each following year, the state board of education shall report to the general assembly on the retention and recruitment of teachers in the state's schools. The report shall include, but not be limited to, information on the numbers of teachers entering and leaving employment in the public schools of the state, analysis of the issues affecting teacher recruitment, including the need for identifying African-American and other minority students, including males, who show potential or interest in becoming a teacher, recruiting such students as prospective teachers, and methods for providing financial aid to such students, and suggestions for meeting predicted needs of numbers of teachers and in areas of certification.

2. All school districts with a 15% or more poverty level by using proceeds from the franchise tax will:

(a) Receive a 5% pay raise for teachers financed by the proceeds of the franchise tax. Current pay levels will be maintained by the district with inflation adjusted raises.

(b) After 3 years teaching in the same school district, another 5% will be added to the teacher's pay. The raises will be maintained by the franchise tax in future years as long as current pay levels for each school district are maintained adjusted for inflation.

(c) The increased pay will be given as a bonus at the end of the school year. This will be effective the first full school year after implementation of the franchise tax.

(L. 1998 S.B. 781 § 161.220)

High-quality early childhood education standards required—rule making authority.

161.213. 1. The department of elementary and secondary education shall develop standards for high-quality early childhood education no later than June 30, 2007. The standards shall be applicable to all public school prekindergarten programs that receive Title I or Missouri pre school project funds.

1. All school districts to provide Universal Pre-K education for those who will become age 4 by the end of the calendar year. Because of the lengthy preparations, implementation of the Pre-K programs will target completion of all affected districts will be in a four-year period ending 2023. Districts with the highest poverty level will be implemented first. All children meeting age and residence will be eligible for Universal Pre-K. When Pre-K becomes available, all eligible children will be required to attend Pre-K.

1. For non-public schools, each student will receive at least 2 ½ hours of instruction. The instructor will be provided by the state and will be travel from one location to another or hold multiple instructions at the same location. This will allow one teacher to attend 2 or more schools to utilize their time for maximum efforts. Computer and online teaching aids will be utilized to allow individual learning. Notebooks with learning programs will be allowed to be taken home.

2. Such standards shall include, but not be limited to, the following principles:

(1) Access for all children whose parents or guardians choose to participate;

(2) Focus on cognitive, language, physical, and social/emotional development;

(3) Assessment of needs of children and their families;

(4) Highly qualified and properly certified teachers; and

(5) Delivery of comprehensive services supported by strong and accessible technical assistance and professional development.

(6) Will provide, beginning in the school year of 2019-2020, notebooks or equivalent with learning programs to all children enrolled in public education in all districts having a poverty rate of 10% or more. Every three years the students will receive a current notebook through 6th grade. Discarded notebooks will be used for replacement of lost, stolen or dysfunctional notebooks. Notebooks will be distributed to those beginning in Pre-K. This franchise tax will only pay for notebooks in those districts that have levels of poverty above 15%.

3. In developing such standards, the department shall involve representatives of the business community, parents as teachers, head start, early childhood start, early childhood special education, Missouri pre school project, first steps, Title I preschools, school district personnel, private providers, and faith-based providers.

4. Unless otherwise prohibited by federal law, public school districts shall not be prohibited from charging tuition and related charges for early childhood education programs. Children living in poverty conditions (one hundred eighty-five percent of the federal poverty level) will not be charged.

5. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2006, shall be invalid and void.

(L. 2006 H.B. 1511)

191.803. Boards of education to establish breakfast program — rules — waiver, procedure. — 1. By July 1, 1993, the board of education of each school in this state in which thirty-five percent or more of the students enrolled in the school on October first of the preceding school year were eligible for free or reduced-price meals shall establish a school breakfast program.

(a) In school districts with levels of poverty above 15%, schools will provide student care to be available for all students from Pre-K through 6th grade starting at 6 AM for before school and after school care until 6 PM. Breakfast, lunch and an evening meal or snack will be provided at no cost to all students in these areas regardless of income.

2. The department of elementary and secondary education may promulgate rules and regulations necessary for implementation of sections 191.800 to 191.815 in compliance with federal guidelines pursuant to the provisions of 42 U.S.C. 1773.

3. A school shall receive a waiver from the requirements of this section if the school board of the school district by majority vote adopts a resolution requesting a waiver.

4. A school district requesting a waiver must file in writing notification that it has adopted a resolution which excuses the district from the requirements of this section. Such writing shall be filed with the Missouri department of elementary and secondary education. Such a waiver shall be valid for a period of three years.

5. All school districts with a poverty level of 15% or more will have 12-month schooling for Pre-K through 6th-grade levels.

1. All schools from pre-K through senior high will have an arts program, a music program, technical courses and will have chess classes.
2. In schools with more than 10% minority groups, courses offered will include Bi-lingual and biculture classes and one year of secondary level history classes including:

1. one term, Native American,
2. one term, Hispanic,
3. one term European and Asian History
4. one term Black History.

1. School districts with a poverty level of 15% or more will have staff available to allow after school, weekend and vacation times so that students 6th-grade levels and up will have supervised play areas at school areas. Computer lab and inside access will be available for those with disabilities and on days unfit for outside activity.

Termination 9-01-20

(Section 167.031, RSMo, states that any parent, guardian or other person having custody or control of a child between the ages of seven (7) and the compulsory attendance age for the district, must ensure that the child is enrolled in and regularly attends public, private, parochial, home school or a combination of schools for the full term of the school year.

The term "compulsory attendance age for the district" shall mean seventeen (17) years of age or having successfully completed sixteen (16) credits towards high school graduation in all other cases (Amish students ruled by Supreme Court to only have 8 years of classes).

Children between the ages of five (5) and seven (7) are not required to be enrolled in school. As Pre-K becomes available, enrollment will be required of all who will be 4 at the end of the calendar year. However, if they are enrolled in a public school their parent, guardian or custodian must ensure that they regularly attend.)

1. All schools, including; Amish, religion associated, homeschooling or other 'for profit', will meet the Missouri test regime, (§160.518, RSMo) which compels the State Board of Education and the Department of Elementary and Secondary Education to annually measure "by grade level a student's knowledge of academic subjects.
2. Any school that does not provide students that can pass the requirements of §160.518, RSMo for three consecutive years will not be considered filling the obligation of an educational school. Either the school will shut down or the state will take over the administration of the school. The failing school will not fulfill the obligation of being a school that allows a parent or guardian to fulfill the 'The Compulsory Attendance Law':

Department to identify and adopt violence prevention program, district to administer--state board to adopt violence prevention program--duties--administered how--funding.

161.650. 1. The department of elementary and secondary education shall identify and adopt an existing program or programs of educational instruction regarding violence prevention to be administered by public school districts pursuant to subsection 2 of this section, and which shall include, but shall not be limited to, instructing students of the negative consequences, both to the individual and to society at large, of membership in or association with criminal street gangs or participation in criminal street gang activity, as those phrases are defined in section 578.421, and shall include related training for school district employees directly responsible for the education of students concerning violence prevention and early identification of and intervention in violent behavior. The state board of education shall adopt

such program or programs by rule as approved for use in Missouri public schools. The program or programs of instruction shall encourage nonviolent conflict resolution of problems facing youth; present alternative constructive activities for the students; encourage community participation in program instruction, including but not limited to parents and law enforcement officials; and shall be administered as appropriate for different grade levels and shall not be offered for academic credit.

(1) Except in extreme instances (court ordered or security threats), no police officer will be on campus with a firearm. Police officers performing community service will be unarmed. In the case of police making an arrest on a school campus, no handcuffs or restraints will be used unless there is a danger to others.

(2) SRO (School Resource Officers) will be phased out in all schools. They will be replaced by trained counselors and staff. Each school will have fully trained personnel to address any issues that students may have. Rural areas with smaller school system may share personnel.

(3) To address school suspensions and expulsions and encourage high school graduation, the following procedures will be enacted in all schools:

(a) School administrators will develop a structured process to assess whether a student who makes a threat is likely to carry out that threat. Each school will use "restorative justice practices" instead of or in addition to suspensions or expulsions. If a threat is deemed unlikely, the student will be counseled and/or disciplined, but not suspended.

(b) All teachers will receive training in Positive Behavioral Support (PBS). If surplus monies are available, funds will be allotted to the Missouri Schoolwide Positive Behavior Support (MO SW-PBS).

(c) Beginning immediately as funds are available, a target date of three years having all schools at the maximum level for MO SW-PBS objectives.

1. Any teacher recommending multiple expulsions will receive "My Teacher Partner Program (MPT)" training. All teachers will receive training in behavior management skills. Teachers with minority students will receive culture training for different ethnic groups

1. No student will be segregated for disciplinary reasons without a teacher to keep them current in their education.

2. All public school districts within this state with the approval of the district's board of education may administer the program or programs of student instruction adopted pursuant to subsection 1 of this section to students within the district starting at the kindergarten level and every year thereafter through the twelfth-grade level.

3. Any district adopting and providing a program of instruction pursuant to this section shall be entitled to receive state aid pursuant to section 161.031. If such aid is determined by the department to be insufficient to implement any program or programs adopted by a district pursuant to this section:

(1) The department may fund the program or programs adopted pursuant to this section or pursuant to subsection 2 of section 160.530, or both, after securing any funding available from alternative sources; and

(2) School districts may fund the program or programs from funds received pursuant to subsection 1 of section 160.530.

4. No rule or portion of a rule promulgated pursuant to this section shall become effective unless it has been promulgated pursuant to chapter 536.

(L. 1996 H.B. 1301 & 1298 § 3, A.L. 2000 S.B. 944, A.L. 2010 H.B. 1543)

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

August 3, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
AUG 0 3 2017
STATE AUDITORS OFFICE

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 147 (2018-254)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on August 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
AUG 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

Be it enacted by the people of the state of Missouri

The annual franchise tax will be amended as follows:

147.010 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state exceed two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter 351 or not, shall be subject to this section. Any corporation whose outstanding shares and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state that fact on the annual report form prescribed by the secretary of state. For all taxable years beginning on or after January 1, 2000, but ending before December 31, 2009, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do not exceed one million dollars shall state that fact on the annual report form prescribed by the director of revenue. For taxable years beginning on or after January 1, 2010, but before December 31, 2011, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars. For all taxable years beginning on or after January 1, 2010, but before December 31, 2015, any corporation whose outstanding shares and surplus do not exceed ten million dollars shall state that fact on the annual report form prescribed by the director of revenue. For all taxable years beginning on or after January 1, 2011, but before December 31, 2015, a corporation's annual tax liability under this chapter shall not exceed the amount of annual franchise tax liability of such corporation for the taxable year ending on or before December 31, 2010. If the corporation had no annual franchise tax liability under this chapter for the taxable year ending on or before December 31, 2010, because such corporation was not in existence or doing business in Missouri, the annual franchise tax for the first taxable year in which such corporation exists shall be determined by applying the applicable rate of tax provided under the provisions of this subsection to the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars, but in no case shall such corporation's tax liability for any subsequent taxable year exceed the amount of annual franchise tax liability of such corporation for the first full taxable year such corporation was in existence or doing business in Missouri. For taxable years beginning on or after January 1, 2012, the annual franchise tax shall be equal to the percentage rate prescribed in this subsection for the corresponding taxable year of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed the corresponding minimum threshold amount prescribed as follows:

(1) For tax year 2012, the rate shall be one-thirty-seventh of one percent and the threshold amount shall be ten million dollars;

(2) For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold amount shall be ten million dollars;

(3) For tax year 2014, the rate shall be one-seventy-fifth of one percent and the threshold amount shall be ten million dollars;

(4) For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the threshold amount shall be ten million dollars;

[(5) For tax years beginning on or after January 1, 2016, no annual franchise tax shall be imposed under this section.]

(5) For the tax year 2019, the rate shall be one percent and the threshold amount shall be ten million dollars and shall remain at that rate unless changed through a ballot of the citizens of the state of Missouri. The first quarterly payment will be due on April 15th of 2019.

(6) Three quarters of the revenue of the annual franchise tax will be to provide revenue for the school districts with a 15% or more poverty level of the Missouri public-school system including pre-kindergarten, elementary and secondary education. The revenue generated from the franchise tax for this section will go to a dedicated fund that will be distributed as listed in 161.020 6., 161.098, 161.213, 191.803, 167.031, and 161.650. Any unused funds will be used by the department of education as needed to enhance the education of Missouri students. The Missouri budget for elementary and secondary education will not be replaced by this bill. The elementary and secondary education budgets will remain at least equal to a percent of the total budget from general revenue in future years as during the year 2015. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget.

(7) One quarter of the revenue of the annual franchise tax will be to provide revenue for the Department of Higher Education Budget. The Missouri budget for the Department of Higher Education will not be replaced by this bill. The Department of Higher Education Budget by the state will remain at least equal to a percent of the total budget from general revenue in future years as during the year 2015. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget. The initial revenue of $48 million from the annual franchise tax will go to help finance construction of a downtown arts campus for the University of Missouri in Kansas City. The revenue generated after this date will be allotted to the budget of the Department of Higher Education to spend as needed with an emphasis on increasing full time and tenured professors.

All subsections and all clauses of this statute, and the phrases, and the words within them, are severable If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

July 28, 2017

RECEIVED
JUL 28 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Lowell Pearson regarding a proposed statutory amendment to Chapters 192, 195, 263 & 311 (2018-253)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Lowell Pearson on July 28, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, not withstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
JUL 27 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____.

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street)	(City, Town, or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 20_____

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it enacted by the People of the state of Missouri, as follows:

Section A. Sections 192.005, 195.202, 195.211, 195.222, 195.223, 263.250, 311.610, 311.620, 311.630 and 311.660 RSMo, are amended and thirty-three new sections are enacted to be known as sections 195.018, 195.900, 195.903, 195.906, 195.909, 195.912, 195.915, 195.918, 195.921, 195.924, 195.927, 195.930, 195.933, 195.936, 195.939, 195.942, 195.945, 195.948,195.951, 195.954, 195.957, 195.960, 195.961, 195.963, 195.966, 195.969, 195.972, 195.975, 195.978, 195.981, 195.982, 195.984 and 195.985 to read as follows:

192.005. There is hereby created and established as a department of state government the "Department of Health and Senior Services". The department of health and senior services shall supervise and manage all public health functions and programs. The department shall be governed by the provisions of the Omnibus State Reorganization Act of 1974, Appendix B, RSMo, unless otherwise provided in sections 192.005 to 192.014. The division of health of the department of social services, chapter 191, this chapter, and others, including, but not limited to, such agencies and functions as the state health planning and development agency, the crippled children's service*, chapter 201, the bureau and the program for the prevention of developmental disability, the hospital subsidy program, chapter 189, the state board of health, section 191.400, the student loan program, sections 191.500 to 191.550, the family practice residency program, the licensure and certification of hospitals, chapter 197, the Missouri chest hospital, sections 199.010 to 199.070**, are hereby transferred to the department of health and senior services by a type I transfer, and the state cancer center and cancer commission, chapter 200, is hereby transferred to the department of health and senior services by a type III transfer as such transfers are defined in section 1 of the Omnibus State Reorganization Act of 1974, Appendix B, RSMo Supp. 1984. The provisions of section 1 of the Omnibus State Reorganization Act of 1974, Appendix B, RSMo Supp. 1984, relating to the manner and procedures for transfers of state agencies shall apply to the transfers provided in this section. The division of health of the department of social services is abolished. The department of health and senior services shall have the duties and powers set forth in sections 195.900 to 195.985.

195.018. The provisions of section 195.017 shall not apply to any product used as authorized by sections 195.900 to 195.985.

195.202. 1. Except as authorized by sections 195.005 to 195.425 and sections 195.900 to 195.985, it is unlawful for any person to possess or have under his control a controlled substance.

2. Any person who violates this section with respect to any controlled substance except thirty-five grams or less of marijuana or any synthetic cannabinoid is guilty of a class C felony.

3. Any person who violates this section with respect to not more than thirty-five grams of marijuana or any synthetic cannabinoid is guilty of a class A misdemeanor.

195.211. 1. Except as authorized by sections 195.005 to 195.425 and sections 195.900 to 195.985, and except as provided in section 195.222, it is unlawful for any person to distribute, deliver, manufacture, produce or attempt to distribute, deliver, manufacture or produce a

controlled substance or to possess with intent to distribute, deliver, manufacture, or produce a controlled substance.

2. Any person who violates or attempts to violate this section with respect to manufacturing or production of a controlled substance of any amount except for five grams or less of marijuana in a residence where a child resides or within two thousand feet of the real property comprising a public or private elementary or public or private elementary or secondary school, public vocational school or a public or private community college, college or university, or any school bus is guilty of a class A felony.

3. Any person who violates or attempts to violate this section with respect to any controlled substance except five grams or less of marijuana is guilty of a class B felony.

4. Any person who violates this section with respect to distributing or delivering not more than five grams of marijuana is guilty of a class C felony.

195.222. 1. A person commits the crime of trafficking drugs in the first degree if, except as authorized by sections 195.005 to 195.425, [he] such person distributes, delivers, manufactures, produces or attempts to distribute, deliver, manufacture or produce more than thirty grams of a mixture or substance containing a detectable amount of heroin. Violations of this subsection shall be punished as follows:

(1) If the quantity involved is more than thirty grams but less than ninety grams the person shall be sentenced to the authorized term of imprisonment for a class A felony;

(2) If the quantity involved is ninety grams or more the person shall be sentenced to the authorized term of imprisonment for a class A felony which term shall be served without probation or parole.

2. A person commits the crime of trafficking drugs in the first degree if, except as authorized by sections 195.005 to 195.425, [he] such person distributes, delivers, manufactures, produces or attempts to distribute, deliver, manufacture or produce more than one hundred fifty grams of a mixture or substance containing a detectable amount of coca leaves, except coca leaves and extracts of coca leaves from which cocaine, ecgonine, and derivatives of ecgonine or their salts have been removed; cocaine salts and their optical and geometric isomers, and salts of isomers; ecgonine, its derivatives, their salts, isomers, and salts of isomers; or any compound, mixture, or preparation which contains any quantity of any of the foregoing substances. Violations of this subsection shall be punished as follows:

(1) If the quantity involved is more than one hundred fifty grams but less than four hundred fifty grams the person shall be sentenced to the authorized term of imprisonment for a class A felony;

(2) If the quantity involved is four hundred fifty grams or more the person shall be sentenced to the authorized term of imprisonment for a class A felony which term shall be served without probation or parole.

3. A person commits the crime of trafficking drugs in the first degree if, except as authorized by sections 195.005 to 195.425, [he] such person distributes, delivers, manufactures, produces or attempts to distribute, deliver, manufacture or produce more than eight grams of a mixture or substance described in subsection 2 of this section which contains cocaine base. Violations of this subsection shall be punished as follows:

(1) If the quantity involved is more than eight grams but less than twenty-four grams the person shall be sentenced to the authorized term of imprisonment for a class A felony;

(2) If the quantity involved is twenty-four grams or more the person shall be sentenced to the authorized term of imprisonment for a class A felony which term shall be served without probation or parole.

4. A person commits the crime of trafficking drugs in the first degree if, except as authorized by sections 195.005 to 195.425, [he] such person distributes, delivers, manufactures, produces or attempts to distribute, deliver, manufacture or produce more than five hundred milligrams of a mixture or substance containing a detectable amount of lysergic acid diethylamide (LSD). Violations of this subsection shall be punished as follows:

(1) If the quantity involved is more than five hundred milligrams but less than one gram the person shall be sentenced to the authorized term of imprisonment for a class A felony;

(2) If the quantity involved is one gram or more the person shall be sentenced to the authorized term of imprisonment for a class A felony which term shall be served without probation or parole.

5. A person commits the crime of trafficking drugs in the first degree if, except as authorized by sections 195.005 to 195.425, [he] such person distributes, delivers, manufactures, produces or attempts to distribute, deliver, manufacture or produce more than thirty grams of a mixture or substance containing a detectable amount of phencyclidine (PCP). Violations of this subsection shall be punished as follows:

(1) If the quantity involved is more than thirty grams but less than ninety grams the person shall be sentenced to the authorized term of imprisonment for a class A felony;

(2) If the quantity involved is ninety grams or more the person shall be sentenced to the authorized term of imprisonment for a class A felony which term shall be served without probation or parole.

6. A person commits the crime of trafficking drugs in the first degree if, except as authorized by sections 195.005 to 195.425, [he] such person distributes, delivers, manufactures, produces or attempts to distribute, deliver, manufacture or produce more than four grams of phencyclidine. Violations of this subsection shall be punished as follows:

(1) If the quantity involved is more than four grams but less than twelve grams the person shall be sentenced to the authorized term of imprisonment for a class A felony;

(2) If the quantity involved is twelve grams or more the person shall be sentenced to the authorized term of imprisonment for a class A felony which term shall be served without probation or parole.

7. A person commits the crime of trafficking drugs in the first degree if, except as authorized by sections 195.005 to 195.425[, he] and sections 195.900 to 195.985, such person distributes, delivers, manufactures, produces or attempts to distribute, deliver, manufacture or produce more than thirty kilograms of a mixture or substance containing marijuana. Violations of this subsection shall be punished as follows:

(1) If the quantity involved is more than thirty kilograms but less than one hundred kilograms the person shall be sentenced to the authorized term of imprisonment for a class A felony;

(2) If the quantity involved is one hundred kilograms or more the person shall be sentenced to the authorized term of imprisonment for a class A felony which term shall be served without probation or parole.

8. A person commits the crime of trafficking drugs in the first degree if, except as authorized by sections 195.005 to 195.425, [he] such person distributes, delivers, manufactures, produces or attempts to distribute, deliver, manufacture or produce more than thirty grams of any material, compound, mixture or preparation which contains any quantity of the following substances having a stimulant effect on the central nervous system: amphetamine, its salts, optical isomers and salts of its optical isomers; methamphetamine, its salts, optical isomers and salts of its optical isomers; phenmetrazine and its salts; or methylphenidate. Violations of this subsection or attempts to violate this subsection shall be punished as follows:

(1) If the quantity involved is more than thirty grams but less than ninety grams the person shall be sentenced to the authorized term of imprisonment for a class A felony;

(2) If the quantity involved is ninety grams or more, or if the quantity involved was thirty grams or more and the location of the offense was within two thousand feet of a school or public housing as defined in section 195.214 or section 195.218 or within a motor vehicle, or any structure or building which contains rooms furnished for the accommodation or lodging of guests, and kept, used, maintained, advertised, or held out to the public as a place where sleeping accommodations are sought for pay or compensation to transient guests or permanent guests, the person shall be sentenced to the authorized term of imprisonment for a class A felony which term shall be served without probation or parole.

9. A person commits the crime of trafficking drugs in the first degree if, except as authorized by sections 195.005 to 195.425, [he or she] such person distributes, delivers, manufactures, produces or attempts to distribute, deliver, manufacture or produce more than thirty grams of any material, compound, mixture or preparation which contains any quantity of

3,4-methylenedioxymethamphetamine. Violations of this subsection or attempts to violate this subsection shall be punished as follows:

(1) If the quantity involved is more than thirty grams but less than ninety grams the person shall be sentenced to the authorized term of imprisonment for a class A felony;

(2) If the quantity involved is ninety grams or more, or if the quantity involved was thirty grams or more and the location of the offense was within two thousand feet of a school or public housing as defined in section 195.214 or section 195.218 or within a motor vehicle, or any structure or building which contains rooms furnished for the accommodation or lodging of guests, and kept, used, maintained, advertised, or held out to the public as a place where sleeping accommodations are sought for pay or compensation to transient guests or permanent guests, the person shall be sentenced to the authorized term of imprisonment for a class A felony which term shall be served without probation or parole.

195.223. 1. A person commits the crime of trafficking drugs in the second degree if, except as authorized by sections 195.005 to 195.425, [he] such person possesses or has under his or her control, purchases or attempts to purchase, or brings into this state more than thirty grams of a mixture or substance containing a detectable amount of heroin. Violations of this subsection shall be punished as follows:

(1) If the quantity involved is more than thirty grams but less than ninety grams the person shall be guilty of a class B felony;

(2) If the quantity involved is ninety grams or more the person shall be guilty of a class A felony.

2. A person commits the crime of trafficking drugs in the second degree if, except as authorized by sections 195.005 to 195.425, [he] such person possesses or has under his or her control, purchases or attempts to purchase, or brings into this state more than one hundred fifty grams of a mixture or substance containing a detectable amount of coca leaves, except coca leaves and extracts of coca leaves from which cocaine, ecgonine, and derivatives of ecgonine or their salts have been removed; cocaine salts and their optical and geometric isomers, and salts of isomers; ecgonine, its derivatives, their salts, isomers, and salts of isomers; or any compound, mixture, or preparation which contains any quantity of any of the foregoing substances. Violations of this subsection shall be punished as follows:

(1) If the quantity involved is more than one hundred fifty grams but less than four hundred fifty grams the person shall be guilty of a class B felony;

(2) If the quantity involved is four hundred fifty grams or more the person shall be guilty of a class A felony.

3. A person commits the crime of trafficking drugs in the second degree if, except as authorized by sections 195.005 to 195.425, [he] such person possesses or has under his or her control, purchases or attempts to purchase, or brings into this state more than eight grams of a

mixture or substance described in subsection 2 of this section which contains cocaine base. Violations of this subsection shall be punished as follows:

(1) If the quantity involved is more than eight grams but less than twenty-four grams the person shall be guilty of a class B felony;

(2) If the quantity involved is twenty-four grams or more the person shall be guilty of a class A felony.

4. A person commits the crime of trafficking drugs in the second degree if, except as authorized by sections 195.005 to 195.425, [he] such person possesses or has under his or her control, purchases or attempts to purchase, or brings into this state more than five hundred milligrams of a mixture or substance containing a detectable amount of lysergic acid diethylamide (LSD). Violations of this subsection shall be punished as follows:

(1) If the quantity involved is more than five hundred milligrams but less than one gram the person shall be guilty of a class B felony;

(2) If the quantity involved is one gram or more the person shall be guilty of a class A felony.

5. A person commits the crime of trafficking drugs in the second degree if, except as authorized by sections 195.005 to 195.425, [he] such person possesses or has under his or her control, purchases or attempts to purchase, or brings into this state more than thirty grams of a mixture or substance containing a detectable amount of phencyclidine (PCP). Violations of this subsection shall be punished as follows:

(1) If the quantity involved is more than thirty grams but less than ninety grams the person shall be guilty of a class B felony;

(2) If the quantity involved is ninety grams or more the person shall be guilty of a class A felony.

6. A person commits the crime of trafficking drugs in the second degree if, except as authorized by sections 195.005 to 195.425, [he] such person possesses or has under his or her control, purchases or attempts to purchase, or brings into this state more than four grams of phencyclidine. Violations of this subsection shall be punished as follows:

(1) If the quantity involved is more than four grams but less than twelve grams the person shall be guilty of a class B felony;

(2) If the quantity involved is twelve grams or more the person shall be guilty of a class A felony.

7. A person commits the crime of trafficking drugs in the second degree if, except as authorized by sections 195.005 to 195.425[, he] and sections 195.900 to 195.985, such person

possesses or has under his or her control, purchases or attempts to purchase, or brings into this state more than thirty kilograms or more of a mixture or substance containing marijuana. Violations of this subsection shall be punished as follows:

(1) If the quantity involved is more than thirty kilograms but less than one hundred kilograms the person shall be guilty of a class B felony;

(2) If the quantity involved is one hundred kilograms or more the person shall be guilty of a class A felony.

8. A person commits the class A felony of trafficking drugs in the second degree if, except as authorized by sections 195.005 to 195.425[, he] and sections 195.900 to 195.985, such person possesses or has under his or her control, purchases or attempts to purchase, or brings into this state more than five hundred marijuana plants.

9. A person commits the crime of trafficking drugs in the second degree if, except as authorized by sections 195.005 to 195.425, [he] such person possesses or has under his or her control, purchases or attempts to purchase, or brings into this state more than thirty grams of any material, compound, mixture or preparation which contains any quantity of the following substances having a stimulant effect on the central nervous system: amphetamine, its salts, optical isomers and salts of its optical isomers; methamphetamine, its salts, isomers and salts of its isomers; phenmetrazine and its salts; or methylphenidate. Violations of this subsection or attempts to violate this subsection shall be punished as follows:

(1) If the quantity involved is more than thirty grams but less than ninety grams the person shall be guilty of a class B felony;

(2) If the quantity involved is ninety grams or more but less than four hundred fifty grams, the person shall be guilty of a class A felony;

(3) If the quantity involved is four hundred fifty grams or more, the person shall be guilty of a class A felony and the term of imprisonment shall be served without probation or parole.

10. A person commits the crime of trafficking drugs in the second degree if, except as authorized by sections 195.005 to 195.425, [he or she] such person possesses or has under his or her control, purchases or attempts to purchase, or brings into this state more than thirty grams of any material, compound, mixture or preparation which contains any quantity of 3,4-methylenedioxymethamphetamine. Violations of this subsection or attempts to violate this subsection shall be punished as follows:

(1) If the quantity involved is more than thirty grams but less than ninety grams the person shall be guilty of a class B felony;

(2) If the quantity involved is ninety grams or more but less than four hundred fifty grams, the person shall be guilty of a class A felony;

(3) If the quantity involved is four hundred fifty grams or more, the person shall be guilty of a class A felony and the term of imprisonment shall be served without probation or parole.

195.900. 1. Sections 195.900 to 195.985 shall be known and may be cited as the "Missouri Patient Care Act".

2. (1) Sections 195.900 to 195.985 shall be deemed an exercise of the police powers of the state for the protection of the economic and social welfare and the health, peace, and morals of the people of this state.

(2) It shall be unlawful under state law to cultivate, manufacture, distribute, test, possess, or sell medical cannabis, except in compliance with the terms, conditions, limitations, and restrictions in sections 195.900 to 195.985.

(3) This section is intended to permit state-licensed physicians to certify that a patient has a qualifying medical condition and that the physician is treating or managing treatment of the patient's qualifying medical condition in the course of a bona fide physician-patient relationship, after the physician has completed an assessment of the qualifying patient's medical history, reviewed relevant records related to the patient's qualifying medical condition, and conducted a physical examination.

(4) This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale, possession, and purchase of cannabis for medical use. This section is not intended to change current civil and criminal laws governing the use of cannabis for nonmedical purposes. The section does not allow for the public use of cannabis and driving under the influence of cannabis.

3. As used in sections 195.900 to 195.985, the following terms shall mean:

(1) "Adequate supply", 2.5 ounces of cannabis flower or its equivalent in cannabis concentrate or cannabis product during a period of fourteen days or 5 ounces of cannabis flower or its equivalent in cannabis concentrate or cannabis product during a period of 30 days and that is derived solely from a licensed intrastate source. Subject to the rules of the department of health and senior services, a patient may apply for a waiver to possess more than 2.5 ounces for a fourteen-day period if a physician provides a substantial medical basis in a signed written statement asserting that, based on the patient's medical history and in the physician's professional judgment, 2.5 ounces is an insufficient adequate supply for a fourteen-day period to properly alleviate the patient's qualifying medical condition or symptoms associated with the qualifying medical condition. A qualifying patient may possess no more than a sixty-day supply of cannabis flower or its equivalent in cannabis concentrate or cannabis product.

(2) "Administer", the direct application of cannabis to a qualifying patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other cannabis-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming cannabis-infused food products; or

(f) Any other method recommended by a qualifying patient's physician.

(3) "Cannabis", all parts of the plant genus Cannabis in any species or form thereof, including, but not limited to, Cannabis Sativa L., Cannabis Indica, Cannabis Americana, Cannabis Ruderalis, and Cannabis Gigantea, whether growing or not, the seeds thereof, the resin extracted from any part of the plant; and every compound, manufacture, derivative, mixture, or preparation of the plant, its seeds or resin. It does not include the mature stalks of the plant; fiber produced from the stalks; oil or cake made from the seeds of the plant; any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks except the resin extracted therefrom; fiber, oil, or cake; or the sterilized seed of the plant which is incapable of germination.

(4) "Cannabis plant monitoring system", an electronic seed-to-sale tracking system that includes, but is not limited to, testing and data collection established and maintained by the licensed medical cannabis cultivation and production facility and the medical cannabis center and available to the division for the purposes of documenting each cannabis plant and for monitoring plant development throughout the life cycle of a cannabis plant cultivated for the intended use by a qualifying patient from seed planting, cloning, or other method of propagation, to final packaging and sale to a qualifying patient.

(5) "Cannabis products", concentrated cannabis, cannabis extracts, and products that are infused with cannabis or an extract thereof and are intended for use or consumption. The term includes, without limitation, edible cannabis products, beverages, topical products, ointments, oils, and tinctures.

(6) "Caregiver", a natural person, other than the qualifying patient or the qualifying patient's physician, who is twenty-one years of age or older and has significant responsibility for managing the well-being of a qualifying patient and who is designated as such on the caregiver's application for an identification card under this section.

(7) "Department", the department of health and senior services.

(8) "Division", the division of alcohol and tobacco control within the department of public safety.

(9) "Entity", a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability

company, general or limited partnership, limited liability partnership, joint venture, or any other entity.

(10) "Good cause", for purposes of refusing or denying a license renewal, reinstatement, or initial license issuance:

(a) The license applicant has violated, does not meet, or has failed to comply with any of the terms, conditions, or provisions of sections 195.900 to 195.985, any rules promulgated thereunder, or any supplemental local law, rules, or regulations;

(b) The licensee or applicant has failed to comply with any special terms or conditions that were placed on its license under an order of the state or local licensing authority; or

(c) The licensed premises have been operated in a manner that adversely affects the public health or welfare or the safety of the immediate neighborhood in which the establishment is located.

(11) "License", a license or registration under sections 195.900 to 195.985.

(12) "Licensed premises", the premises specified in an application for a license under sections 195.900 to 195.985, which are owned or in possession of the licensee and within which the licensee is authorized to cultivate, manufacture, distribute, test, possess, or sell medical cannabis in accordance with the provisions of sections 195.900 to 195.985.

(13) "Licensee", a person licensed or registered under sections 195.900 to 195.985.

(14) "Limited access area", a building, room, or other contiguous area upon the licensed premises where medical cannabis is grown, cultivated, stored, weighed, displayed, packaged, sold, or possessed for sale, under control of the licensee, with limited access to only those persons licensed by the division, and visitors and vendors as provided by rule. All areas of ingress or egress to limited access areas shall be clearly identified as such by a sign as designated by the division.

(15) "Local licensing authority", an authority designated by municipal or county charter or ordinance.

(16) "Medical cannabis", cannabis that is grown and sold under sections 195.900 to 195.985 for a purpose authorized under sections 195.900 to 195.985.

(17) "Medical cannabis center", a person licensed under sections 195.900 to 195.985 to operate a business as described in sections 195.900 to 195.985 that acquires, possesses, stores, delivers, transfer, transports, sells, supplies or dispenses cannabis, cannabis products, medical cannabis, paraphernalia or related supplies to registered qualifying patients or caregivers, or other licensed medical cannabis centers.

(18) "Medical cannabis cultivation and production facility", a person licensed under sections 195.900 to 195.985 to operate a business as described in section 195.954.

(19) "Medical cannabis-infused product", a product infused with medical cannabis that is intended for use or consumption other than by smoking, including, but not limited to edible cannabis products, beverages, topical products, ointments, oils, and tinctures or smokeless vaporizing devices. Such products, when manufactured or sold by a licensed medical cannabis center, shall not be considered a drug for the purposes of chapter 196.

(20) "Medical cannabis testing facility", an independent entity licensed, approved, and certified by the division pursuant to this act to analyze the safety and potency of cannabis and as otherwise provided under sections 195.900 to 195.985.

(21) "Medical use", the production, possession, distribution, transportation, or administration of cannabis or a cannabis-infused product, for the benefit of a qualifying patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(22) "Person", a natural person, partnership, association, company, corporation, limited liability company, or organization, or a manager, agent, owner, director, servant, officer, or employee thereof.

(23) "Premises", a distinct and definite location, which may include a building, a part of a building, a room, or any other definite contiguous area.

(24) "Qualifying medical condition", the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including, but not limited to, those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, post-traumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that

medical use of cannabis could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis (ALS), inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(25) "Qualifying patient", a Missouri resident diagnosed with at least one qualifying medical condition.

(26) "Smokeless vaporizing device", a medical-grade vaporizer delivery device capable of administering the active ingredients of a metered dose of medical cannabis via inhalation without combustion by-products.

(27) "State licensing authority", the division of alcohol and tobacco control which is responsible for regulating and controlling the licensing of the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis in this state.

(28) "Written certification", a document dated and signed by a physician, stating:

(a) That the qualifying patient has a qualifying medical condition and specifying the qualifying medical condition the qualifying patient has; and

(b) That the physician is treating or managing treatment of the patient's qualifying medical condition.

195.903. 1. For the purpose of regulating and controlling the licensing of the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis in this state, the division of alcohol and tobacco control is hereby designated as the state licensing authority.

2. The state supervisor of the division may employ such officers and employees as may be determined to be necessary, with such officers and employees being part of the division. No moneys shall be appropriated to the division from the general revenue fund for the operation of sections 195.900 to 195.985, nor shall the division expend any general revenue fund moneys for the operation of sections 195.900 to 195.985. Notwithstanding any other provision of law, the division, the Commissioner of Administration, and the State Treasurer are authorized to receive and disburse funds from any source, public or private, as may assist the prompt implementation of this Act.

195.906. 1. The division shall:

(1) Grant or refuse state licenses for the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis as provided by law; suspend, fine, restrict, or revoke

such licenses upon a violation of sections 195.900 to 195.985, or a rule promulgated under sections 195.900 to 195.985; and impose any penalty authorized by sections 195.900 to 195.985, or any rule promulgated under sections 195.900 to 195.985. The division may take any action with respect to a registration under sections 195.900 to 195.985 as it may with respect to a license under sections 195.900 to 195.985, in accordance with the procedures established under sections 195.900 to 195.985;

(2) Establish, revise, and amend rules and regulations as necessary to carry into effect the provisions of sections 195.900 to 195.985;

(3) Upon denial of a state license, provide written notice of the grounds for such denial of a state license to the applicant and to the local authority and the right of the applicant to a hearing before the administrative hearing commission under subsection 2 of section 195.924;

(4) Maintain the confidentiality of patient records, reports obtained from licensees showing the sales volume or quantity of medical cannabis sold, or any other records that are exempt from inspection under state law;

(5) Develop such forms, licenses, identification cards, and applications as are necessary in the discretion of the division for the administration of sections 195.900 to 195.985 or any of the rules promulgated under sections 195.900 to 195.985; and

(6) Prepare and submit an annual report accounting to the governor for the efficient discharge of all responsibilities assigned by law or directive to the state licensing authority.

2. (1) Rules promulgated under subdivision (2) of subsection 1 of this section shall include, but not be limited to, the following:

(a) Compliance with, enforcement, or violation of any provision of sections 195.900 to 195.985, or any rule issued under sections 195.900 to 195.985, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license issued under sections 195.900 to 195.985;

(b) Specifications of duties of officers and employees of the division;

(c) Instructions for local licensing authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the division;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed under sections 195.900 to 195.985, including a fingerprint-based criminal record check as may be required by the division prior to issuing a card;

(i) Identification of state licensees and their owners, officers, managers, and employees;

(j) Security requirements for any premises licensed under sections 195.900 to 195.985, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the division to properly administer and enforce the provisions of sections 195.900 to 195.985, including reporting requirements for changes, alterations, or modifications to the premises;

(k) Regulation of the storage of, warehouses for, and transportation of medical cannabis;

(l) Sanitary requirements for medical cannabis centers and medical cannabis cultivation and production facilities, including, but not limited to, sanitary requirements for the preparation of medical cannabis-infused products;

(m) The specification of acceptable forms of picture identification that a medical cannabis center may accept when verifying a sale;

(n) Labeling standards, including, but not limited to, the serving size of active THC per serving and total servings per package;

(o) Testing standards;

(p) Records to be kept by licensees and the required availability of the records;

(q) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(r) The reporting and transmittal of monthly sales tax payments by medical cannabis centers;

(s) Authorization for the department of revenue to have access to licensing information to ensure sales and income tax payment and effective administration of sections 195.900 to 195.985;

(t) Authorization for the division to impose administrative penalties and procedures of issuing, appealing, and creating a violation list and schedule of administrative penalties; and

(u) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of sections 195.900 to 195.985.

(2) The prompt implementation of this Missouri Patient Care Act is necessary to avoid immediate danger to the public health, safety and welfare. The division is authorized to use the emergency rulemaking procedures set out in section 536.025, and shall promulgate emergency rules by March 6, 2019, and also to file a notice of rulemaking as provided in section 536.025 by March 6, 2019.

(3) Nothing in sections 195.900 to 195.985 shall be construed as delegating to the division the power to fix prices for medical cannabis.

195.909. 1. A local licensing authority may issue only the following medical cannabis licenses upon payment of the fee and compliance with all local licensing requirements to be determined by the local licensing authority:

(1) A medical cannabis center license; and

(2) A medical cannabis cultivation and production facility license.

2. (1) A local licensing authority shall not issue a local license within a municipality or the unincorporated portion of a county unless the governing body of the municipality has adopted an ordinance or the governing body of the county has adopted a resolution containing specific standards for license issuance, or if no such ordinance or resolution is adopted prior to June 1, 2019, a local licensing authority shall consider the minimum licensing requirements of this section when issuing a license.

(2) In addition to all other standards applicable to the issuance of licenses under sections 195.900 to 195.985, the local governing body may adopt additional standards for the issuance of medical cannabis center or medical cannabis cultivation and production facility licenses consistent with the intent of sections 195.900 to 195.985 that may include, but not be limited to:

(a) Distance restrictions between premises for which local licenses are issued; and

(b) Any other requirements necessary to ensure the control of the premises and the ease of enforcement of the terms and conditions of the license.

3. Local governments may limit the use of land for operation of medical cannabis centers and medical cannabis cultivation and production facilities to specified areas as to time, place, and manner of such facilities. Local zoning approval shall be made by the governing body of the municipality if the premises are located in the municipality, or by the governing body of the county if the premises are located in the unincorporated portion of the county. The operation of sections 195.900 to 195.985 shall be statewide unless a municipality, county, or city, by a two-thirds majority of the registered voters voting at a regular election or special election called in accordance with state law, vote to prohibit the operation of medical cannabis centers and medical cannabis cultivation and production facilities in the municipality, county, or city.

4. An application for a license specified in subsection 1 of this section shall be filed with the appropriate local licensing authority on forms provided by the state licensing authority and

shall contain such information as the state licensing authority may require and any forms as the local licensing authority may require. Each application shall be verified by the oath or affirmation of the persons prescribed by the state licensing authority.

5. An applicant shall file with the application for a local license, plans and specifications for the interior of the building if the building to be occupied is in existence at the time. If the building is not in existence, the applicant shall file a plot plan and a detailed sketch for the interior and submit an architect's drawing of the building to be constructed. In its discretion, the local or state licensing authority may impose additional requirements necessary for the approval of the application.

195.912. 1. Upon receipt of an application for a local license, except an application for renewal or for transfer of ownership, a local licensing authority shall schedule and hold a public hearing upon the application to be held not less than thirty days after the date of the application, but not more than ninety days from the date of the application. If the local licensing authority fails to hold a public hearing within such time lines, the application shall be considered approved. If the local licensing authority schedules a hearing for a medical cannabis center application and/or a medical cannabis cultivation and production facility application, it shall post and publish public notice thereof not less than ten days prior to the hearing. The local licensing authority shall give public notice by the posting of a sign in a conspicuous place on the medical cannabis center premises and/or the medical cannabis cultivation and production facility premises for which application has been made and by publication in a newspaper of general circulation in the county in which the medical cannabis center premises and/or the medical cannabis cultivation and production premises are located.

2. Public notice given by posting shall include a sign of suitable material, not less than twenty-two inches wide and twenty-six inches high, composed of letters not less than one inch in height and stating the type of license applied for, the date of the hearing, the name and address of the applicant, and such other information as may be required to fully apprise the public of the nature of the application. The sign shall contain the names and addresses of the officers, directors, or manager of the facility to be licensed.

3. Public notice given by publication shall contain the same information as that required for signs.

4. If the building in which medical cannabis is to be cultivated, manufactured, distributed, possessed, or sold is in existence at the time of the application, a sign posted as required in subsections 1 and 2 of this section shall be placed so as to be conspicuous and plainly visible to the general public. If the building is not constructed at the time of the application, the applicant shall post a sign at the premises upon which the building is to be constructed in such a manner that the notice shall be conspicuous and plainly visible to the general public.

5. (1) A local licensing authority, or a license applicant with the authorization of the local licensing authority, may request that the state licensing authority conduct a concurrent review of a new license application prior to the local licensing authority's final approval of the license

application. Local licensing authorities who permit concurrent review shall continue to independently review the applicant's license application.

(2) When conducting a concurrent application review, the state licensing authority may advise the local licensing authority of any items it finds that may result in the denial of the license application. Upon correction of the noted discrepancies if the correction is permitted by the state licensing authority, the state licensing authority shall notify the local licensing authority of its conditional approval of the license application subject to the final approval by the local licensing authority. The state licensing authority shall then issue the applicant's state license upon receiving evidence of final approval by the local licensing authority.

(3) All applications submitted for concurrent review shall be accompanied by all applicable state license and application fees. Any applications which are later denied or withdrawn may allow for a refund of license fees only. All application fees provided by an applicant shall be retained by the respective licensing authority.

195.915. 1. Not less than five days prior to the date of the public hearing authorized in section 195.912, the local licensing authority shall make known its findings, based on its investigation, in writing to the applicant and other parties of interest. The local licensing authority has authority to refuse to issue a license provided for in this section for good cause, subject to judicial review.

2. Before entering a decision approving or denying the application for a local license, the local licensing authority may consider, except where sections 195.900 to 195.985 specifically provides otherwise, the facts and evidence adduced as a result of its investigation, as well as any other facts pertinent to the type of license for which application has been made, including the number, type, and availability of medical cannabis outlets located in or near the premises under consideration, and any other pertinent matters affecting the qualifications of the applicant for the conduct of the type of business proposed. A local licensing authority may only issue a medical cannabis center license and a medical cannabis cultivation and production facility license upon payment of the fee and compliance with all local licensing authority.

3. Within thirty days after the public hearing or completion of the application investigation, a local licensing authority shall issue its decision approving or denying an application for local licensure. The decision shall be in writing and shall state the reasons for the decision. The local licensing authority shall send a copy of the decision by certified mail to the applicant at the address shown on the application.

4. After approval of an application, a local licensing authority shall not issue a local license until the building in which the business to be conducted is ready for occupancy with such furniture, fixtures, and equipment in place as are necessary to comply with the applicable provisions of sections 195.900 to 195.985, and then only after the local licensing authority has inspected the premises to determine that the applicant has complied with the architect's drawing and the plot plan and detailed sketch for the interior of the buildings submitted with the application.

5. After approval of an application for local licensure, the local licensing authority shall notify the state licensing authority of such approval, who shall investigate and either approve or disapprove the application for state licensure.

195.918. 1. (1) The division may restrict the number of licenses granted for medical cannabis cultivation and production facilities, provided, however, that number may not be limited to fewer than one license per every one hundred thousand inhabitants of the state of Missouri, according to the most recent census of the United States. Each facility in operation shall require a separate license but multiple licenses may be utilized in a premises. The license shall be valid for one year from its date of issuance and shall be renewable, except for good cause. No more than three medical cannabis and production facility licenses shall be issued to any person under substantially common control, ownership, or management. At least one medical cannabis center license shall be issued for each medical cannabis cultivation and production facility license.

(2) The division may restrict the numbers of licenses granted for medical cannabis centers, provided, however, that number may not be limited to fewer than one license per every one hundred thousand inhabitants of the state of Missouri, according to the most recent census of the United States, except that, an applicant for a medical cannabis center license may be approved for an additional two medical cannabis center licenses in accordance with subdivision (3) of this subsection. Such additional medical cannabis center licenses shall not be counted toward the statewide limit for medical cannabis centers. A license shall be valid for one year from its date of issuance and shall be renewable, except for good cause.

(3) Licenses shall be geographically disbursed by the division, in consultation with the department of health and senior services, based on the demographics of the state and patient demand to ensure statewide access for patients. If more than the statewide limit for medical cannabis centers are necessary to provide sufficient patient access, a medical cannabis cultivation and production facility licensee may be approved for up to an additional two medical cannabis center licenses, subject to approval by the local licensing authority and the division.

2. Before the division of alcohol and tobacco control issues a state license to an applicant, the applicant shall procure and file with the division evidence of a good and sufficient bond in the amount of five thousand dollars with corporate surety thereon duly licensed to do business with the state, approved as to form by the state attorney general, and conditioned that the applicant shall report and pay all sales and use taxes due to the state, or for which the state is the collector or collecting agent, in a timely manner, as provided in law.

3. A corporate surety shall not be required to make payments to the state claiming under such bond until a final determination of failure to pay taxes due to the state has been made by the division or a court of competent jurisdiction.

4. All bonds required under this section shall be renewed at such time as the bondholder's license is renewed. The renewal may be accomplished through a continuation certificate issued by the surety.

195.921. 1. Applications for a state license under the provisions of sections 195.900 to 195.985 shall be made to the division on forms prepared and furnished by the division and shall set forth such information as the division may require to enable the division to determine whether a state license shall be granted. The information shall include the name and address of the applicant, the names and addresses of the officers, directors, or managers, and all other information deemed necessary by the division. Each application shall be verified by the oath or affirmation of such person or persons as the division may prescribe.

2. Within one hundred eighty days of the effective date of this section, the division shall make available to the public license application forms and application instructions for medical cannabis cultivation and production facilities, medical cannabis center facilities, and medical cannabis testing facilities. The division shall begin accepting license and certification applications no later than two hundred forty days after the effective date of this section. Applications for licenses and certifications shall be approved or denied by the division no later than one hundred twenty days after their submission.

3. The division shall not issue a state license under this section until the local licensing authority has approved the application for a local license and issued a local license as provided for in sections 195.909 to 195.918.

4. Nothing in sections 195.900 to 195.985 shall preempt or otherwise impair the power of a local government to enact ordinances or resolutions concerning matters authorized to local governments.

195.924. 1. The division shall deny a state license if the premises on which the applicant proposes to conduct its business does not meet the requirements of sections 195.900 to 195.985.

2. If the division denies a state license under subsection 1 of this section, the applicant shall be entitled to a hearing before the administrative hearing commission. The division shall provide written notice of the grounds for denial of the state license to the applicant and to the local licensing authority at least fifteen days prior to the hearing.

195.927. 1. A license provided by sections 195.900 to 195.985 shall not be issued to or held by:

(1) A person until the annual fee has been paid;

(2) A person under twenty-one years of age;

(3) A person licensed under sections 195.900 to 195.985 who during a period of licensure or who at the time of application has failed to:

(a) Provide a surety bond, proof of assets, or file any tax return with a taxing agency;

(b) Avoid delinquency in the payment of any state income taxes, personal property taxes, municipal taxes, or real property taxes;

(c) Pay any judgments due to a government agency;

(d) Stay out of default on a government-issued student loan;

(e) Pay child support; or

(f) Remedy an outstanding delinquency for taxes owed, an outstanding delinquency for judgments owed to a government agency, or an outstanding delinquency for child support.

(4) A person who has discharged a sentence in the ten years immediately preceding the application date for a conviction of a felony or a person who at any time has been convicted of a felony under any state or federal law regarding the possession, distribution, or use of a controlled substance;

(5) A person who employs another person at a medical cannabis center, a medical cannabis cultivation and production facility, or a medical cannabis testing facility who has not passed a criminal background check;

(6) A sheriff, deputy sheriff, police officer, or prosecuting officer, or any officer or employee of the division or a local licensing authority;

(7) A person whose authority to be a caregiver as defined in sections 195.900 to 195.985 has been revoked by the department; or

(8) A person who holds a license for a location that is currently licensed as a retail food establishment or wholesale food registrant.

2. The provisions of section 324.010.1 shall apply to sections 195.900 to 195.985.

3. All medical cannabis cultivation and production facility licensees and all medical cannabis center licensees shall be held by entities that are sixty percent or more owned by natural persons who have been bona fide residents of the state of Missouri for at least three years continuously immediately prior to the date of filing of application for such licenses. Notwithstanding the foregoing, medical cannabis cultivation and production facility licensees and medical cannabis center licensees may be held by entities with no greater than a forty percent interest owned by natural persons who have not been citizens of the state of Missouri for at least three years continuously immediately prior to the date of filing of application for such licenses.

4. (1) In investigating the qualifications of an applicant or a licensee, the division shall have access to criminal background check information furnished by a criminal justice agency subject to any restrictions or costs imposed by such agency. In addition to considering the applicant's criminal background check information, the division shall also consider any

information provided by the applicant regarding such criminal background check, including, but not limited to, evidence of rehabilitation, character references, and educational achievements, especially those items pertaining to the period of time between the applicant's last criminal conviction and the consideration of the application for a state license.

(2) As used in subdivision (1) of this subsection, "criminal justice agency" means any federal, state, or municipal court or any governmental agency or subunit of such agency that administers criminal justice under a statute or executive order and that allocates a substantial part of its annual budget to the administration of criminal justice.

(3) At the time of filing an application for issuance or renewal of a state medical cannabis center license, a medical cannabis cultivation and production facility license, or a medical cannabis testing facility license, an applicant shall submit a set of his or her fingerprints and file personal history information concerning the applicant's qualifications for a state license on forms prepared by the division. The division shall submit the fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol shall forward the fingerprints to the Federal Bureau of Investigation for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted in accordance with section 43.543, and fees shall be paid in accordance with section 43.530. The division may acquire a name-based criminal background check for an applicant or a license holder who has twice submitted to a fingerprint-based criminal background check and whose fingerprints are unclassifiable. The division shall use the information resulting from the fingerprint-based criminal history record check to investigate and determine whether an applicant is qualified to hold a state license under sections 195.900 to 195.985. The division may verify any of the information an applicant is required to submit.

195.930. The division or a local licensing authority shall not receive or act upon an application for the issuance of a state or local license under sections 195.900 to 195.985:

(1) If the application for a state or local license concerns a particular location that is the same as or within one thousand feet of a location for which, within the two years immediately preceding the date of the application, the division or a local licensing authority denied an application for the same class of license due to the nature of the use or other concern related to the location;

(2) Until it is established that the applicant is or shall be entitled to possession of the premises for which application is made under a lease, rental agreement, or other arrangement for possession of the premises or by virtue of ownership of the premises;

(3) For a location in an area where the cultivation, manufacture, and sale of medical cannabis as contemplated is not permitted under the applicable local zoning laws of the municipality or county; or

(4) (a) If the building in which medical cannabis is to be cultivated, produced, or sold is located within one thousand feet of, the real property comprising a public or private elementary, vocational, or secondary school or a public or private college, junior college, or university, or a

playground, or housing facility owned by a public housing authority, or a licensed child care facility, or within 100 feet of a public or private youth center, public swimming pool, or video arcade facility. The provisions of this subdivision shall not affect the renewal or reissuance of a license once granted nor shall the provisions of this subdivision apply to a license in effect and actively doing business before such school, college, university, playground, housing facility, licensed child care facility, youth center, public swimming pool, or video arcade was constructed.

(b) The distances referred to in this subdivision are to be computed by direct measurement from the nearest property line of the land used for a school, college, university, playground, housing facility, licensed child care facility, youth center, public swimming pool, or video arcade to the nearest portion of the building in which medical cannabis is to be cultivated, produced, or sold.

(c) In addition to the requirements of section 195.909, the local licensing authority shall consider the evidence and make a specific finding of fact as to whether the building in which the medical cannabis is to be cultivated, produced, or sold is located within the distance restrictions established by or under this subdivision.

195.933. 1. A state or local license granted under the provisions of sections 195.900 to 195.985 shall not be transferable except as provided in this section, but this section shall not prevent a change of location as provided in subsection 13 of section 195.936.

2. For a transfer of ownership, a license holder shall apply to the division and the local licensing authority on forms prepared and furnished by the division. In determining whether to permit a transfer of ownership, the division and the local licensing authority shall consider only the requirements of sections 195.900 to 195.985, any rules promulgated by the division, and any other local restrictions. The local licensing authority may hold a hearing on the application for transfer of ownership. The local licensing authority shall not hold a hearing under this subsection until the local licensing authority has posted a notice of hearing in the manner described in section 195.912 on the licensed medical cannabis center premises and/or the medical cannabis cultivation and production facility for a period of ten days and has provided notice of the hearing to the applicant at least ten days prior to the hearing. Any transfer of ownership hearing by the division shall be held in compliance with the requirements specified in section 195.912.

195.936. 1. Sections 195.900 to 195.985 authorize a county or municipality to enact reasonable regulations or other restrictions applicable to licenses of medical cannabis centers and medical cannabis cultivation and production facilities based on local zoning, health, safety, and public welfare laws for the distribution of medical cannabis that are more restrictive than sections 195.900 to 195.985.

2. A medical cannabis center and a medical cannabis cultivation and production facility shall not operate unless licensed by the local licensing authority and the state licensing authority under sections 195.900 to 195.985. In connection with a license, the applicant shall provide a complete and accurate list of all owners, officers, and employees

who work at, manage, own, or are otherwise associated with the operation and shall provide a complete and accurate application as required by the division.

3. A medical cannabis center and a medical cannabis cultivation and production facility shall notify the division in writing within ten days after an owner, officer, or employee ceases to work at, manage, own, or otherwise be associated with the operation. The owner, officer, or employee shall surrender his or her identification card to the division on or before the date of the notification.

4. A medical cannabis center and a medical cannabis cultivation and production facility shall notify the division in writing of the name, address, and date of birth of an owner, officer, manager, or employee before the new owner, officer, manager, or employee begins working at, managing, owning, or begins an association with the operation. The owner, officer, manager, or employee shall pass a fingerprint-based criminal background check as required by the division and obtain the required identification prior to being associated with, managing, owning, or working at the operation.

5. A medical cannabis center and a medical cannabis cultivation and production facility shall not acquire, possess, cultivate, deliver, transfer, transport, supply, or dispense cannabis for any purpose except to assist patients with qualifying medical conditions or to test the product at a medical cannabis testing facility, or as otherwise provided in section 195.900 to 195.985.

6. All owners of a licensed medical cannabis center and a licensed medical cannabis cultivation and production facility shall be authorized to do business in Missouri. A local licensing authority shall not issue a license provided for in sections 195.900 to 195.985 until that share of the license application fee due to the state has been received by the division. All licenses granted under sections 195.900 to 195.985 shall be valid for a period not to exceed one year from the date of issuance unless revoked or suspended under sections 195.900 to 195.985 or the rules promulgated under sections 195.900 to 195.985.

7. Before granting a local or state license, the respective licensing authority may consider, except where sections 195.900 to 195.985 specifically provide otherwise, the requirements of sections 195.900 to 195.985 and any rules promulgated under sections 195.900 to 195.985, and all other reasonable restrictions that are or may be placed upon the licensee by the licensing authority. With respect to a second or additional license for the same licensee or the same owner of another licensed business under sections 195.900 to 195.985, each licensing authority shall consider the effect on competition of granting or denying the additional licenses to such licensee and shall not approve an application for a second or additional license that has the effect of restraining competition.

8. (1) Each license issued under sections 195.900 to 195.985 is separate and distinct. It is unlawful for a person to exercise any of the privileges granted under a license other than the license that the person holds or for a licensee to allow any other person to exercise the privileges granted under the licensee's license. A separate license shall be required for each specific business or business entity and each geographical location.

(2) At all times, a licensee shall possess and maintain possession of the premises for which the license is issued by ownership, lease, rental, or other arrangement for possession of the premises.

9. (1) The licenses provided under sections 195.900 to 195.985 shall specify the date of issuance, the period of licensure, the name of the licensee, and the premises licensed. The licensee shall conspicuously display the license at all times on the licensed premises.

(2) A local licensing authority shall not transfer location of or renew a license to sell medical cannabis until the applicant for the license produces a license issued and granted by the state licensing authority covering the whole period for which a license or license renewal is sought.

10. In computing any period of time prescribed by sections 195.900 to 195.985, the day of the act, event, or default from which the designated period of time begins to run shall not be included. Saturdays, Sundays, and legal holidays shall be counted as any other day.

11. A licensee shall report each transfer or change of financial interest in the license to the division and the local licensing authority thirty days prior to any transfer or change under subsection 13 of this section. A report shall be required for transfers of capital stock of any corporation, regardless of size.

12. Each licensee shall manage the licensed premises himself or herself or employ a separate and distinct manager on the premises and shall report the name of the manager to the division and the local licensing authority. The licensee shall report any change in manager to the division and local licensing authority thirty days prior to such change.

13. (1) A licensee may move his or her permanent location to any other place in the same municipality for which the license was originally granted, or in the same county if the license was granted for a place outside the corporate limits of a municipality, but it shall be unlawful to cultivate, manufacture, distribute, possess, or sell medical cannabis at any such place until permission to do so is granted by the division and the local licensing authority provided for in sections 195.900 to 195.985.

(2) In permitting a change of location, the division and the local licensing authority shall consider all reasonable restrictions that are or may be placed upon the new location by the governing body or local licensing authority of the municipality or county; any such change in location shall be in accordance with all requirements of sections 195.900 to 195.985 and rules promulgated under sections 195.900 to 195.985.

195.939. 1. (1) Ninety days prior to the expiration date of an existing license, the division shall notify the licensee of the expiration date by first class mail at the licensee's address of record with the division. A licensee shall apply for the renewal of an existing license to the local licensing authority not less than forty-five days and to the division not less than thirty days prior to the date of expiration. A local licensing authority shall not accept an application for renewal of

a license after the date of expiration, except as provided in subsection 2 of this section. The division may extend the expiration date of the license and accept a late application for renewal of a license; provided that, the applicant has filed a timely renewal application with the local licensing authority. All renewals filed with the local licensing authority and subsequently approved by the local licensing authority shall next be processed by the division. The division or the local licensing authority, in its discretion, subject to the requirements of this section and based upon reasonable grounds, may waive the forty-five-day or thirty-day time requirements set forth in this subsection. The local licensing authority may hold a hearing on the application for renewal only if the licensee has had complaints filed against it, has a history of violations, or there are allegations against the licensee that constitute good cause.

(2) The local licensing authority shall not hold a renewal hearing provided for by this subsection for a medical cannabis center and a medical cannabis cultivation and production facility until it has posted a notice of hearing on the licensed medical cannabis center premises and the medical cannabis cultivation and production facility premises in the manner described in section 195.912 for a period of ten days and provided notice to the applicant at least ten days prior to the hearing. The local licensing authority may refuse to renew any license for good cause, subject to judicial review.

2.(1) Notwithstanding the provisions of subsection 1 of this section, a licensee whose license has been expired for not more than ninety days may file a late renewal application upon the payment of a nonrefundable late application fee of five hundred dollars to the local licensing authority. A licensee who files a late renewal application and pays the requisite fees may continue to operate until both the state and local licensing authorities have taken final action to approve or deny the licensee's late renewal application.

(2) The state and local licensing authorities shall not accept a late renewal application more than ninety days after the expiration of a licensee's permanent annual license. A licensee whose permanent annual license has been expired for more than ninety days shall not cultivate, manufacture, distribute, possess, or sell any medical cannabis until all required licenses have been obtained.

195.942. The division or local licensing authority may, in its discretion, revoke or elect not to renew any license if it determines that the licensed premises have been inactive without good cause for at least one year.

195.945. 1. The division, by rule, shall require a complete disclosure of all persons having a direct or indirect financial interest and the extent of such interest in each license issued under sections 195.900 to 195.985.

2. A person shall not have an unreported financial interest in a license under sections 195.900 to 195.985 unless such person has undergone a fingerprint-based criminal background check as provided for by the division in its rules; except that, this subsection shall not apply to banks, savings and loan associations, or industrial banks supervised and regulated by an agency of the state or federal government, or to FHA-approved mortgagees, or to stockholders, directors, or officers thereof.

3. This section is intended to prohibit and prevent the control of the outlets for the sale of medical cannabis by a person or party other than the persons licensed under the provisions of sections 195.900 to 195.985.

195.948. 1. For the purpose of regulating the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis, the division may, in its discretion and upon application on the prescribed form made to it, issue and grant to the applicant a license or registration from any of the following classes, subject to the provisions and restrictions provided by sections 195.900 to 195.985:

(1) Medical cannabis center license;

(2) Medical cannabis cultivation and production facility license;

(3) Medical cannabis testing facility license;

(4) Occupational licenses and registrations for owners, managers, operators, employees, contractors, and other support staff employed by, working in, or having access to restricted areas of the licensed premises as determined by the division. The division may take any action with respect to a registration under sections 195.900 to 195.985 as it may with respect to a license under sections 195.900 to 195.985, in accordance with the procedures established under sections 195.900 to 195.985.

2. In order to do business in Missouri under sections 195.900 to 195.985, a medical cannabis business shall hold both a medical cannabis center license and a medical cannabis cultivation and production facility license and shall be operated as a vertically integrated business.

3. A medical cannabis business shall use a cannabis plant monitoring system as the primary inventory tracking system of records.

4. A state-chartered bank or a credit union may loan money to any person licensed under sections 195.900 to 195.985 for the operation of a licensed business.

5. A medical cannabis testing facility shall be licensed, approved, and certified by the division in order to test medical cannabis. A person who is an owner of a medical cannabis cultivation and production facility or a medical cannabis center facility is prohibited from having a financial interest in a medical cannabis testing facility. An owner of a medical cannabis testing facility is prohibited from having a financial interest in a medical cannabis cultivation and production facility or a medical cannabis center facility.

195.951. 1. A medical cannabis center license shall be issued only to a person selling medical cannabis under the terms and conditions of sections 195.900 to 195.985.

2. Notwithstanding the provision of this section, a medical cannabis center licensee may also sell medical cannabis-infused products that are prepackaged and labeled under subsection 7 of this section.

3. Except as otherwise provided in subsection 4 of this section, every person selling medical cannabis as provided for in this section shall sell medical cannabis grown in its medical cannabis cultivation and production facility licensed under sections 195.900 to 195.985.

4. A medical cannabis center licensee shall not purchase more than thirty percent of its total on-hand inventory of medical cannabis flower from another licensed medical cannabis center licensee in Missouri. A medical cannabis center licensee shall not sell more than thirty percent of its total on-hand inventory of medical cannabis flower to another Missouri medical cannabis licensee. At least seventy percent of the medical cannabis flower sold at a medical cannabis center shall be grown at its cultivation and production facility.

5. Prior to initiating a sale, the employee of the medical cannabis center making the sale shall verify that the purchaser has a valid registration card issued under section 195.981 and a valid picture identification card that matches the name on the registration card.

6. A licensed medical cannabis center shall provide an amount of its medical cannabis established by rule of the division for testing to a medical cannabis testing facility.

7. All medical cannabis sold at a licensed medical cannabis center shall be labeled as follows:

(1) The medical cannabis center shall place a legible, firmly affixed label on medical cannabis, excluding medical cannabis-infused products, on which the wording is no less than one-sixteenth inch in size on each package of medical cannabis that it prepares for dispensing and which contains at a minimum the following information:

(a) The registered qualifying patient's name;

(b) The name and registration number of the medical cannabis center that produced the cannabis, together with the medical cannabis center's telephone number and mailing address, and website information, if any;

(c) The quantity of usable medical cannabis contained within the package;

(d) The date that the medical cannabis center packaged the contents;

(e) A batch number, sequential serial number, and bar code when used, to identify the batch associated with manufacturing and processing;

(f) The cannabinoid profile of the medical cannabis contained within the package, including tetrahydrocannabinol (THC) level; and

(g) A statement that the product has been tested for contaminants, that there were no adverse findings, and the date of testing, and the following statement, including capitalization: "This product has not been analyzed or approved by the FDA. There is limited information on the side effects of using this product, and there may be associated health risks. Do not drive or operate machinery when under the influence of this product. KEEP THIS PRODUCT AWAY FROM CHILDREN."

(2) The medical cannabis center shall place a legible, firmly affixed label on medical cannabis-infused products on which the wording is no less than one-sixteenth inch in size on each medical cannabis-infused product that it prepares for dispensing and which contains at a minimum the following information:

(a) The registered qualifying patient's name;

(b) The name and registration number of the medical cannabis center that produced the medical cannabis-infused product, together with the medical cannabis center's telephone number and mailing address, and website information, if any;

(c) The name of the product;

(d) The quantity of usable cannabis contained within the product as measured in ounces;

(e) A list of ingredients, including the cannabinoid profile of the cannabis contained within the product, including the tetrahydrocannabinol (THC) level;

(f) The date of product creation and the recommended "use by" or expiration date;

(g) To identify the batch associated with manufacturing and processing, a batch number, sequential serial number, and bar code when used;

(h) Directions for use of the product if relevant;

(i) A statement that the product has been tested for contaminants, that there were no adverse findings, and the date of testing;

(j) A warning if known allergens are contained in the product; and

(k) The following statement, including capitalization: "This product has not been analyzed or approved by the FDA. There is limited information on the side effects of using this product, and there may be associated health risks. Do not drive or operate machinery when under the influence of this product. KEEP THIS PRODUCT AWAY FROM CHILDREN."

(3) Cannabis shall be packaged in plain, opaque, tamperproof, and child-resistant containers without depictions of the product, cartoons, or images other than the medical cannabis center's logo.

8. A licensed medical cannabis center shall comply with all provisions of law as such provisions relate to persons with disabilities.

195.954. A medical cannabis cultivation and production facility license shall only be issued to a person licensed under this section who grows and cultivates medical cannabis and who manufactures medical cannabis or medical cannabis-infused products under the terms and conditions of sections 195.900 to 195.985.

195.957. 1. The department of health and senior services is the designated state agency for regulating and controlling the manufacturing of medical cannabis-infused products.

2. (1) Medical cannabis-infused products shall be prepared on a cultivation and production facility licensed premises that is used for the manufacture and preparation of medical cannabis-infused products and which uses equipment that is used for the manufacture and preparation of medical cannabis-infused products.

(2) Only a licensed medical cannabis cultivation and production facility is permitted to produce medical cannabis-infused products. A medical cannabis cultivation and production facility may produce medical cannabis-infused products for the facility's medical cannabis centers and may sell the medical cannabis-infused products it produces to any other licensed medical cannabis centers in the state.

(3) The medical cannabis cultivation and production facility shall have all cannabis cultivated by such facility tested by a licensed medical cannabis testing facility in accordance with the following:

(a) Cannabis shall be tested for the cannabinoid profile and for contaminants as specified by the department, including, but not limited to, mold, mildew, heavy metals, plant-growth regulators, and the presence of nonorganic pesticides. The department may require additional testing;

(b) The facility shall maintain the results of all testing for no less than one year;

(c) The facility shall have and follow a policy and procedure for responding to results indicating contamination, which shall include destruction of contaminated product and assessment of the source of contamination. Such policy shall be available to registered qualifying patients and primary caregivers;

(d) All testing shall be conducted by an independent laboratory that is:

a. Accredited to International Organization for Standardization (ISO) 17025 by a third-party accrediting body such as A2LA or ACLASS; or

b. Certified, registered, or accredited by an organization approved by the department.

(e) The facility shall arrange for testing to be conducted in accordance with the frequency required by the department;

(f) A facility shall have a contractual arrangement with a medical cannabis testing facility for the purposes of testing cannabis, including a stipulation that those individuals responsible for testing at the medical cannabis testing facility be licensed;

(g) A medical cannabis cultivation and production facility is prohibited from having any financial or other interest in a medical cannabis testing facility providing testing services for any medical cannabis cultivation and production facility;

(h) No individual employee of a medical cannabis testing facility providing testing services for medical cannabis cultivation and production facilities shall receive direct financial compensation from any medical cannabis cultivation and production facility;

(i) All transportation of cannabis to and from laboratories providing cannabis testing services shall comply with rules promulgated under any rulemaking authority granted in sections 195.900 to 195.985;

(j) All storage of cannabis at a laboratory providing cannabis testing services shall comply with subdivision (4) of this subsection; and

(k) All excess cannabis shall be returned to the source medical cannabis cultivation and production facility and be disposed of under paragraph (e) of subdivision (6) of this subsection.

(4)(a) All cannabis in the process of cultivation, production, preparation, transport, or analysis shall be housed and stored in such a manner as to prevent diversion, theft, or loss.

(b) Such items shall be accessible only to the minimum number of specifically authorized dispensary agents essential for efficient operation.

(c) Such items shall be returned to a secure location immediately after completion of the process or at the end of the scheduled business day.

(d) If a manufacturing process cannot be completed at the end of a working day, the processing area or tanks, vessels, bins, or bulk containers containing cannabis shall be securely locked inside an area or building that affords adequate security.

(5) A medical cannabis cultivation and production facility shall process cannabis in a safe and sanitary manner. A facility shall process the leaves and flowers of the female cannabis plant only, which shall be:

(a) Well cured and free of seeds and stems;

(b) Free of dirt, sand, debris, and other foreign matter;

(c) Free of contamination by mold, rot, other fungus, and bacterial diseases;

(d) Prepared and handled on food-grade stainless steel tables; and

(e) Packaged in a secure area.

(6) All facilities, including those that develop or process nonedible medical cannabis-infused products, shall comply with the following sanitary requirements:

(a) Any dispensary agent whose job includes contact with cannabis or nonedible medical cannabis-infused products, including cultivation, production, or packaging, is subject to the requirements for food handlers under state law and in accordance with rules of the department of health and senior services;

(b) Any dispensary agent working in direct contact with preparation of cannabis or nonedible medical cannabis-infused products shall conform to sanitary practices while on duty, including:

a. Maintaining adequate personal cleanliness; and

b. Washing hands thoroughly in an adequate hand-washing area before starting work, and at any other time when hands may have become soiled or contaminated.

(c) Hand-washing facilities shall be adequate and convenient and shall be furnished with running water at a suitable temperature. Hand-washing facilities shall be located in the facility in production areas and where good sanitary practices require employees to wash and sanitize their hands, and shall provide effective hand cleaning and sanitizing preparations and sanitary towel service or suitable drying devices;

(d) There shall be sufficient space for placement of equipment and storage of materials as is necessary for the maintenance of sanitary operations;

(e) Litter and waste shall be properly removed, disposed of so as to minimize the development of odor, and shall minimize the potential for the waste attracting and harboring pests. The operating systems for waste disposal shall be maintained in an adequate manner;

(f) Floors, walls, and ceilings shall be constructed in such a manner that they may be adequately kept clean and in good repair;

(g) There shall be adequate safety lighting in all processing and storage areas, as well as areas where equipment or utensils are cleaned;

(h) Buildings, fixtures, and other physical facilities shall be maintained in a sanitary condition;

(i) All contact surfaces, including utensils and equipment, shall be maintained in a clean and sanitary condition. Such surfaces shall be cleaned and sanitized as frequently as necessary to protect against contamination, using a sanitizing agent registered by the United States Environmental Protection Agency (EPA), in accordance with labeled instructions. Equipment and utensils shall be so designed and of such material and workmanship as to be adequately cleanable;

(j) All toxic items shall be identified, held, and stored in a manner that protects against contamination of cannabis and medical cannabis-infused products;

(k) A facility's water supply shall be sufficient for necessary operations. Any private water source shall be capable of providing a safe, potable, and adequate supply of water to meet the facility's needs;

(l) Plumbing shall be of adequate size and design, and adequately installed and maintained to carry sufficient quantities of water to required locations throughout the facility. Plumbing shall properly convey sewage and liquid disposable waste from the facility. There shall be no cross-connections between the potable and waste water lines;

(m) A facility shall provide its employees with adequate, readily accessible toilet facilities that are maintained in a sanitary condition and in good repair;

(n) Products that may support the rapid growth of undesirable microorganisms shall be held in a manner that prevents the growth of such microorganisms; and

(o) Storage and transportation of finished products shall be under conditions that shall protect them against physical, chemical, and microbial contamination as well as against deterioration of them or their container.

3. (1) A medical cannabis cultivation and production facility shall provide adequate lighting, ventilation, temperature, humidity, space, and equipment.

(2) A facility shall have separate areas for storage of cannabis that is outdated, damaged, deteriorated, mislabeled, or contaminated, or whose containers or packaging have been opened or breached, until such products are destroyed.

(3) Facility storage areas shall be maintained in a clean and orderly condition.

(4) Facility storage areas shall be free from infestation by insects, rodents, birds, and pests of any kind.

(5) Facility storage areas shall be maintained in accordance with the security requirements promulgated under the authority granted in sections 195.900 to 195.985.

195.960. 1. Until a medical cannabis cultivation and production facility's cultivation or production process has been validated, such facility shall not wholesale, transfer, or process into

a medical cannabis concentrate or medical cannabis product any medical cannabis, medical cannabis concentrate, or medical cannabis product unless samples from the harvest batch or production batch from which such medical cannabis, medical cannabis concentrate, or medical cannabis product was derived were tested by a medical cannabis testing facility for contaminants and passed all contaminant tests required by subsection 3 of this section.

2. (1) A medical cannabis cultivation and production facility's cultivation process shall be deemed valid if every harvest batch that it produced during a twelve-week period passed all contaminant tests required by subsection 3 of this section, including at least twelve test batches that were submitted at least six days apart and contained samples from entirely different harvest batches.

(2) A facility's production process shall be deemed valid if every production batch that it produced during a four-week period passed all contaminant tests required by subsection 3 of this section, including at least four test batches that were submitted at least six days apart which contained samples from entirely different production batches.

3. (1) Each harvest batch of medical cannabis and production batch of medical cannabis concentrate and medical cannabis product shall be tested for microbial contamination by a medical cannabis testing facility. The microbial contamination test shall include, but not be limited to, testing to determine the presence of and amounts present of salmonella sp., escherichia coli, and other bile-tolerant bacteria. Each harvest batch of medical cannabis and production batch of medical cannabis concentrate and medical cannabis product shall be tested for mold contamination by a medical cannabis testing facility. The mold contamination test shall include, but shall be limited to, testing to determine presence and the level of aspergillus sp., mucor sp., penicillium sp., and thermophilic actinomycetes sp.

(2) Each harvest batch of medical cannabis produced by a facility shall be tested for filth and other visible contamination by a medical cannabis testing facility. The filth contamination test shall include, but shall not be limited to, the detection, separation, quantification, identification, and interpretation of extraneous materials, including insects, rodent droppings, visible adulterants, and other contaminants, in medical cannabis flowers and trim.

(3) Each production batch of solvent-based medical cannabis concentrate produced by a facility shall be tested for residual solvent contamination by a medical cannabis testing facility. The residual solvent contamination test shall include, but not be limited to, testing to determine the presence of, and amounts present of, butane, propane, ethanol, isopropanol, acetone, and heptane.

4. (1) The division may require additional tests to be conducted on a harvest batch or production batch prior to a facility wholesaling, transferring, or processing into a medical cannabis concentrate or medical cannabis product any medical cannabis, medical cannabis concentrate, or medical cannabis product from such harvest batch or production batch.

Additional tests may include, but not be limited to, screening for pesticides, harmful chemicals, adulterants, or other types of microbials, molds, filth, or residual solvents.

(2) (a) A production batch of medical cannabis concentrate shall be considered exempt from subdivision (1) of this subsection if the facility that produced it does not wholesale or transfer any portion of the production batch and it uses the entire production batch to manufacture medical cannabis product; except that, a solvent-based medical cannabis concentrate produced using butane, propane, ethanol, isopropanol, acetone, heptane shall still be submitted for a residual solvent contaminant test.

(b) A facility shall not be required to have residual solvent testing conducted on the product batch of a solvent-based medical cannabis concentrate if only CO2 was used during the production of the medical cannabis concentrate.

5. (1) (a) If a facility makes a material change to its cultivation or production process, such facility shall have the first five harvest batches or production batches produced using the new standard operating procedures tested for all of the contaminants required by subsection 3 of this section regardless of whether its process has been previously validated. If any such tests fail, such facility's process shall be revalidated.

(b) It shall be considered a material change if a facility begins using a new or different pesticide during its cultivation process, and the first five harvest batches produced using the new or different pesticide shall also be tested for pesticide.

(c) It shall be considered a material change if a facility begins using a new or different solvent or combination of solvents.

(d) A facility that makes a material change shall notify the medical cannabis testing facility that conducts contaminant testing on the first five harvest batches or production batches produced using the new standard operating procedures.

(e) When a harvest batch or production batch is required to be submitted for testing under this subsection, the facility that produced it shall not wholesale, transfer, or process into a medical cannabis concentrate or medical cannabis product any of the medical cannabis, medical cannabis concentrate, or medical cannabis product from such harvest batch or production batch.

(2) If six of the ten most recently tested test batches produced by a facility fail contaminant testing, the facility shall be required to revalidate its process.

6. Notwithstanding any other provision of state law, sales of medical cannabis-infused products shall not be exempt from state or local sales tax.

195.961.1. A tax is hereby levied and imposed upon the retail sale of cannabis for medical use sold at medical cannabis centers within the state. The tax shall be equivalent to two percent of the retail price. The purpose and intent of the tax is to impose a tax upon the privilege of engaging in the business, in this state, of selling medical cannabis. The primary tax burden is

placed on making taxable sales of medical cannabis. All sellers of medical cannabis shall be required to report to the director of revenue, on such forms and in such manner as the director of revenue shall prescribe. Their "gross receipts from the sale of medical cannabis," defined to mean the aggregate amount of the sales price of all sales at retail of medical cannabis, and remit to the director of revenue two percent of their gross receipts from the sales of medical cannabis.

2. After retaining no more than five percent for its actual collection costs, one-half percent of the amount generated by the tax imposed in this section shall be deposited by the department of revenue into the Missouri Veterans' Health and Care Fund, one-half percent of the amount generated by the tax imposed in this section will be deposited by the department of revenue into the Missouri Public Safety Fund, one-half percent of the amount generated by the tax imposed in this section shall be deposited by the department of revenue into the Missouri Drug Treatment Fund, and one-half percent of the amount generated by the tax imposed in this section shall be deposited by the department of revenue into the Early Childhood Development, Education and Care Fund created by section 161.125. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(1) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund," which shall consist of certain taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any moneys remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The commissioner of administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the department, an amount necessary for the department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section.

(b) Next, the remainder of such funds shall be transferred to the Missouri Veterans Commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri Veteran's Homes, the Missouri Service Officer's Program, and other services for veterans approved by the Commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri Veterans Commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All moneys from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(2) There is hereby created in the state treasury the "Missouri Public Safety Fund", which shall consist of taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any moneys remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The Commissioner of Administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the Department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the Department, an amount necessary for the Department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section.

(b) Next, the remainder of such funds shall be allocated evenly to all police departments, fire protection districts, and fire departments in the State of Missouri that have medical cannabis centers or medical cannabis cultivation and production facilities within their geographic boundaries.

(c) All moneys from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) There is hereby created in the state treasury the "Missouri Drug Treatment Fund," which shall consist of taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any moneys remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The Commissioner of Administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the Department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the Department, an amount necessary for the Department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section.

(b) Next, the remainder of such funds shall be allocated evenly to all Missouri Drug Treatment Centers that are funded by the State of Missouri.

(c) All moneys from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(4) The department of revenue shall have the authority to establish, revise, and amend rules as necessary to carry into effect the tax imposed by this section and to issue all forms, instructions and other documents necessary for the collection of the tax.

3. The provisions of sections 144.010 through 144.527 shall apply to the administration of the tax imposed by this section.

195.963. 1. (1) There is hereby created in the state treasury the "Medical Cannabis License Cash Fund," which shall consist of all moneys collected by the division under sections 195.900 to 195.985. The state treasurer shall be custodian of the fund. In accordance with sections 30.170 and 30.180, the state treasurer may approve disbursements. The fund shall be a dedicated fund and, upon appropriation, moneys in the fund shall be used solely for the administration of sections 195.900 to 195.985.

(2) Notwithstanding the provisions of section 33.080 to the contrary, any moneys remaining in the fund at the end of the biennium shall not revert to the credit of the general revenue fund.

(3) The state treasurer shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund.

(4) There is hereby created the "Medical Cannabis Program Account" as an account within the medical cannabis license cash fund. The account shall consist of all moneys collected by the department of health and senior services under section 195.981. The account shall be a dedicated account and, upon appropriation, moneys in the account shall be used solely for the administration of section 195.981.

2. (1) The division shall require all applicants for initial state licenses under sections 195.900 to 195.985 to submit a nonrefundable application fee of twelve thousand five hundred dollars for a medical cannabis center license, and twelve thousand five hundred dollars for a medical cannabis cultivation and production facility license. The division shall require all applicants for initial state licenses under sections 195.900 to 195.985 to submit an annual license fee of twelve thousand five hundred dollars for a medical cannabis center license, and twelve thousand five thousand dollars for a cultivation and production facility license. All applications submitted shall be accompanied by all applicable state license and application fees. Any applications which are later denied or withdrawn may allow for a refund of license fees only. All application fees provided by an applicant shall be retained by the division.

(2) The division shall establish all other fees for processing the following types of applications, licenses, notices, or reports required to be submitted to the state licensing authority:

(a) Applications to change location under subsection 13 of section 195.936 and rules promulgated thereunder;

(b) Applications for transfer of ownership under section 195.933 and rules promulgated thereunder;

(c) License renewal fees, application fees for renewals, and expired license renewal applications under section 195.939; and

(d) Licenses as listed in section 195.948.

(3) The amounts of the fees under subdivisions (1) and (2) of this subsection, when added to the other fees transferred to the fund under this section, shall reflect the actual direct and indirect costs of the division in the administration and enforcement of sections 195.900 to 195.985.

(4) The division may charge applicants licensed under sections 195.900 to 195.985 a fee for the cost of each fingerprint analysis and background investigation undertaken to qualify new officers, directors, managers, or employees.

(5) At least annually, the division shall review the amounts of the fees and, if necessary, adjust the amounts to reflect the direct and indirect costs of the division.

3. Except as provided in subsection 4 of this section, the division shall establish a basic fee that shall be paid at the time of service of any subpoena upon the division, plus a fee for meals and a fee for mileage at the rate prescribed for state officers and employees, for each mile actually and necessarily traveled in going to and returning from the place named in the subpoena. If the person named in the subpoena is required to attend the place named in the subpoena for more than one day, there shall be paid, in advance, a sum to be established by the division for each day of attendance to cover the expenses of the person named in the subpoena.

4. The subpoena fee established under subsection 3 of this section shall not be applicable to any federal, state, or local governmental agency.

195.966. 1. Except as otherwise provided, all fees and fines provided for by sections 195.900 to 195.985 shall be paid to the division, which shall transmit the fees to the state treasurer. The state treasurer shall credit the fees to the medical cannabis license cash fund created in section 195.963.

2. The expenditures of the division shall be paid out of appropriations from the medical cannabis license cash fund created in section 195.963.

195.969. 1. Each application for a local license provided for in sections 195.900 to 195.985 filed with a local licensing authority shall be accompanied by an application fee and a license fee in an amount determined by the local licensing authority not to exceed ten percent of the state application fee and license fee.

2. License fees as determined by the local licensing authority shall be paid to the treasurer of the municipality or county where the licensed premises is located in advance of the approval, denial, or renewal of the license.

195.972. 1. In addition to any other sanctions prescribed by sections 195.900 to 195.985 or rules promulgated under sections 195.900 to 195.985, the division or a local licensing authority has the power, on its own motion or on complaint, after investigation and opportunity for a public hearing at which the licensee shall be afforded an opportunity to be heard, to suspend or revoke a license issued by the respective authority for a violation by the licensee or by any of the agents or employees of the licensee of the provisions of sections 195.900 to 195.985, or any of the rules promulgated under sections 195.900 to 195.985, or of any of the terms, conditions, or provisions of the license issued by the division or local licensing authority. The division or a local licensing authority has the power to administer oaths and issue subpoenas to require the presence of persons and the production of papers, books, and records necessary to the determination of a hearing that the division or local licensing authority is authorized to conduct.

2. The division or local licensing authority shall provide notice of suspension, revocation, fine, or other sanction, as well as the required notice of the hearing under subsection 1 of this section by mailing the same in writing to the licensee at the address contained in the license. Except in the case of a summary suspension under section 195.984, a suspension shall not be for a longer period than six months. If a license is suspended or revoked, a part of the fees paid therefore shall not be returned to the licensee. Any license or permit may be summarily suspended by the issuing licensing authority without notice, pending any prosecution, investigation, or public hearing under the terms of section 195.984. Nothing in this section shall prevent the summary suspension of a license under section 195.984.

3. (1) Whenever a decision of the division or a local licensing authority suspending a license for fourteen days or less becomes final, the licensee may, before the operative date of the suspension, petition for permission to pay a fine in lieu of having the license suspended for all or part of the suspension period. Upon the receipt of the petition, the division or local licensing authority may, in its sole discretion, stay the proposed suspension and cause any investigation to be made which it deems desirable and may, in its sole discretion, grant the petition if the division or local licensing authority is satisfied that:

(a) The public welfare and morals shall not be impaired by permitting the licensee to operate during the period set for suspension and that the payment of the fine shall achieve the desired disciplinary purposes;

(b) The books and records of the licensee are kept in such a manner that the loss of sales that the licensee would have suffered had the suspension gone into effect may be determined with reasonable accuracy; and

(c) The licensee has not had his or her license suspended or revoked, nor had any suspension stayed by payment of a fine, during the two years immediately preceding the date of the motion or complaint that resulted in a final decision to suspend the license or permit.

(2) The fine accepted shall be not less than five hundred dollars nor more than one hundred thousand dollars.

(3) Payment of a fine under the provisions of this subsection shall be in the form of cash or in the form of a certified check or cashier's check made payable to the division or local licensing authority, whichever is appropriate.

4. Upon payment of the fine under subsection 3 of this section, the division or local licensing authority shall enter its further order permanently staying the imposition of the suspension. If the fine is paid to a local licensing authority, the governing body of the authority shall cause the moneys to be paid into the general fund of the local licensing authority. Fines paid to the division under subsection 3 of this section shall be transmitted to the state treasurer who shall credit the same to the medical cannabis license cash fund created in section 195.963.

5. In connection with a petition under subsection 3 of this section, the authority of the division or local licensing authority is limited to the granting of such stays as are necessary for the authority to complete its investigation and make its findings and, if the authority makes such findings, to the granting of an order permanently staying the imposition of the entire suspension or that portion of the suspension not otherwise conditionally stayed.

6. If the division or local licensing authority does not make the findings required in subdivision (1) of subsection 3 of this section and does not order the suspension permanently stayed, the suspension shall go into effect on the operative date finally set by the division or local licensing authority.

7. Each local licensing authority shall report all actions taken to impose fines, suspensions, and revocations to the division in a manner required by the division. No later than January fifteenth of each year, the division shall compile a report of the preceding year's actions in which fines, suspensions, or revocations were imposed by local licensing authorities and by the division. The division shall file one copy of the report with the chief clerk of the house of representatives, one copy with the secretary of the senate, and six copies in the legislative library.

195.975. 1. Each licensee shall keep a complete set of all records necessary to show fully the business transactions of the licensee, all of which shall be open at all times during business hours for the inspection and examination of the division or its duly authorized representatives. The division may require any licensee to furnish such information as it considers necessary for the proper administration of this section and may require an audit to be made of the books of account and records on such occasions as it may consider necessary by an auditor to be selected

by the division who shall likewise have access to all books and records of the licensee, and the expense thereof shall be paid by the licensee.

2. The licensed premises, including any places of storage where medical cannabis is grown, stored, cultivated, sold, or dispensed, shall be subject to inspection by the division or local licensing authorities and their investigators, during all business hours and other times of apparent activity, for the purpose of inspection or investigation. For examination of any inventory or books and records required to be kept by the licensees, access shall be required during business hours. Where any part of the licensed premises consists of a locked area, upon demand to the licensee, such area shall be made available for inspection without delay, and, upon request by authorized representatives of the division or local licensing authority, the licensee shall open the area for inspection.

3. Each licensee shall retain all books and records necessary to show fully the business transactions of the licensee for a period of the current tax year and the three immediately prior tax years.

195.978. 1. Except as otherwise provided in sections 195.900 to 195.985, it is unlawful for a person:

(1) To consume medical cannabis in a licensed medical cannabis center, and it shall be unlawful for a medical cannabis licensee to allow medical cannabis to be consumed upon its licensed premises;

(2) With knowledge, to permit or fail to prevent the use of such person's registry identification by any other person for the unlawful purchasing of medical cannabis; or

(3) To buy, sell, transfer, give away, or acquire medical cannabis, except as allowed under sections 195.900 to 195.985.

2. It is unlawful for a person licensed under sections 195.900 to 195.985:

(1) To be within a limited-access area unless the person's license badge is displayed as required by sections 195.900 to 195.985;

(2) To fail to designate areas of ingress and egress for limited-access areas and post signs in conspicuous locations as required by sections 195.900 to 195.985;

(3) To fail to report a transfer required by section 195.933; or

(4) To fail to report the name of or a change in managers as required by section 195.936.

3. It is unlawful for any person licensed to sell medical cannabis under sections 195.900 to 195.985:

(1) To sell more than two and one-half ounces of cannabis flower or its equivalent in cannabis concentrate or cannabis product during a sales transaction to a qualifying patient;

(2) To display any signs that are inconsistent with local laws or regulations;

(3) To use advertising material that is misleading, deceptive, or false, or that is designed to appeal to minors;

(4)(a) To sell medical cannabis to a person not licensed under sections 195.900 to 195.985 or to a person not able to produce a valid patient registry identification card. Notwithstanding any provision in this paragraph to the contrary, a person under twenty-one years of age shall not be employed to sell or dispense medical cannabis at a medical cannabis center or grow or cultivate medical cannabis at a medical cannabis cultivation and production facility;

(b) If a licensee or a licensee's employee has reasonable cause to believe that a person is exhibiting a fraudulent patient registry identification card in an attempt to obtain medical cannabis, the licensee or employee shall be authorized to confiscate the fraudulent patient registry identification card, if possible, and shall, within seventy-two hours after the confiscation, turn it over to the department of health and senior services or local law enforcement agency. The failure to confiscate the fraudulent patient registry identification card or to turn it over to the department or a state or local law enforcement agency within seventy-two hours after the confiscation shall not constitute a criminal offense;

(5) To offer for sale or solicit an order for medical cannabis in person except within the licensed premises;

(6) To have in possession or upon the licensed premises any medical cannabis, the sale of which is not permitted by the license;

(7) To buy medical cannabis from a person not licensed to sell as provided by sections 195.900 to 195.985;

(8) To sell medical cannabis except in the permanent location specifically designated in the license for sale;

(9) To require a medical cannabis center or medical cannabis cultivation and production facility to make delivery to any premises other than the specific licensed premises where the medical cannabis is to be sold, except as otherwise provided under sections 195.900 to 195.985; or

(10) To sell, serve, or distribute medical cannabis at any time other than between the hours of 8:00 a.m. and 7:00 p.m. Monday through Sunday.

4. Except as otherwise provided in sections 195.900 to 195.985, it is unlawful for:

(1) A medical cannabis center or medical cannabis cultivation and production facility to sell, deliver, or cause to be delivered to a licensee any medical cannabis not grown upon its licensed premises; or

(2) A medical cannabis center or medical cannabis cultivation and production facility to sell, possess, or permit sale of medical cannabis not grown upon its licensed premises. A violation of this subsection by a licensee shall be grounds for the immediate revocation of the license granted under sections 195.900 to 195.985.

5. It shall be unlawful for a physician who makes patient referrals to a licensed medical cannabis center to receive anything of value from the medical cannabis center licensee or its agents, servants, officers, or owners or anyone financially interested in the licensee, and it shall be unlawful for a licensee licensed under sections 195.900 to 195.985 to offer anything of value to a physician for making patient referrals to the licensed medical cannabis center.

6. A person who commits any acts that are unlawful under this section is guilty of a class A misdemeanor.

195.981.1. As used in this section, the following terms shall mean:

(1) "Bona fide physician-patient relationship", for purposes of the medical cannabis program:

(a) A physician and a patient have a treatment or counseling relationship, in the course of which the physician has completed a full assessment of the patient's medical history and current medical condition, including an appropriate personal physical examination;

(b) The physician has consulted with the patient with respect to the patient's qualifying medical condition before the patient applies for a registry identification card; and

(c) The physician is available to or offers to provide follow-up care and treatment to the patient, including, but not limited to, patient examinations, to determine the efficacy of the use of medical cannabis as a treatment of the patient's qualifying medical condition.

(2) "Department", the department of health and senior services.

(3) "Director", the director of the department of health and senior services.

(4) "In good standing", with respect to a physician's license:

(a) The physician holds a doctor of medicine or doctor of osteopathic medicine degree from an accredited medical school;

(b) The physician holds a valid license to practice medicine in Missouri that does not contain a restriction or condition that prohibits the recommendation of medical cannabis; and

(c) The physician has a valid and unrestricted United States Department of Justice Federal Drug Enforcement Administration controlled substances registration.

(5) "Medical cannabis program", the program established under sections 195.900 to 195.985.

(6) "Nonresident cardholder", a person who: (1) has been diagnosed with a qualifying medical condition, or is the parent, guardian, conservator, or other person with authority to consent to the medical treatment of a person who has been diagnosed with a qualifying medical condition; (2) is not a resident of Missouri; (3) was issued a currently valid registry identification card or its equivalent under the laws of another state, district, territory, commonwealth, insular possession of the United States, or country recognized by the United States that allows the person to use cannabis for medical purposes in the jurisdiction of issuance; and (4) has submitted documentation required by the department and has received confirmation of registration.

(7) "Caregiver", the same meaning as such term is defined in section 195.900.

(8) "Registry identification card", the nontransferable confidential registry identification card issued by the department to patients and caregivers under this section.

2. The department of health and senior services shall establish, revise, and amend rules and regulations as follows:

(1) To ensure that patients suffering from qualifying medical conditions are able to safely gain access to medical cannabis and to ensure that such patients:

(a) Are not subject to criminal prosecution for their use of medical cannabis in accordance with this section, and the rules of the department; and

(b) Are able to establish an affirmative defense to their use of medical cannabis in accordance with this section, and the rules of the department.

(2) To prevent persons who do not suffer from qualifying medical conditions from using this section as a means to sell, acquire, possess, produce, use, or transport cannabis in violation of state and federal laws;

(3) The establishment and maintenance of a confidential registry of patients who have applied for and are entitled to receive a registry identification card;

(4) The development by the department of an application form and making such form available to residents of this state seeking to be listed on the confidential registry of patients who are entitled to receive a registry identification card;

(5) The verification by the department of medical information concerning patients who have applied for a confidential registry card or for renewal of a registry identification card;

(6) The development by the department of a written certification form that shall be used by a physician to certify that a patient has a qualifying medical condition;

(7) The conditions for issuance and renewal, and the form, of the registry identification cards issued to patients, including, but not limited to, standards for ensuring that the department issues a registry identification card to a patient only if such patient has a bona fide physician-patient relationship with a physician in good standing and licensed to practice medicine in the state of Missouri;

(8) Communications with law enforcement officials about registry identification cards that have been suspended when a patient is no longer diagnosed as having a qualifying medical condition;

(9) A waiver process to allow a homebound patient who is on the registry to have a caregiver transport the patient's medical cannabis from a licensed medical cannabis center to the patient; and

(10) To regulate and control the manufacturing of medical cannabis-infused products.

3. The department shall conduct a public review hearing to receive public input on any emergency rules adopted by the department and be provided with an update from the industry, caregivers, patients, and other stakeholders regarding the industry's current status. The department shall provide at least five business days' notice prior to the hearing.

4. Within one hundred eighty days of the effective date of this section, the department shall make available to the public application forms and application instructions for qualifying patient and caregiver identification cards. Within two hundred ten days of the effective date of this section, the department shall begin accepting applications for qualifying patient and caregiver identification cards.

5. A physician who certifies a qualifying medical condition for an applicant to the medical cannabis program shall comply with all of the following requirements:

(1) The physician shall have a valid and active license to practice medicine in this state, which license is in good standing;

(2) After a physician, who has a bona fide physician-patient relationship with the patient, determines that the patient has a qualifying medical condition, the physician shall certify to the department that the patient has a qualifying medical condition after the physician has completed an assessment of the qualifying patient's medical history, reviewed relevant records related to the patient's qualifying medical condition, and conducted a physical examination. The physician shall specify the qualifying medical condition and, if known, the cause or source of the qualifying medical condition;

(3) The physician shall maintain a record-keeping system for all patients for whom the physician has determined have a qualifying medical condition;

(4) A physician shall not:

(a) Accept, solicit, or offer any form of pecuniary remuneration from or to a caregiver, distributor, or any other provider of medical cannabis;

(b) Offer a discount or any other thing of value to a patient who uses or agrees to use a particular caregiver, distributor, or other provider of medical cannabis to procure medical cannabis;

(c) Examine a patient for purposes of diagnosing a qualifying medical condition at a location where medical cannabis is sold or distributed;

(d) Hold an economic interest in an enterprise that provides or distributes medical cannabis if the physician certifies the qualifying medical condition of a patient for participation in the medical cannabis program; or

(e) Issue a certification for the medical use of cannabis for a non-emancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. The department shall not issue a qualifying patient registry identification card on behalf of a non-emancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. Such registry identification card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as caregiver for a non-emancipated qualifying patient under the age of eighteen. Only the qualifying patient's parent or guardian shall purchase or possess medical cannabis for a non-emancipated qualifying patient under the age of eighteen. A parent or guardian shall supervise the administration of medical cannabis to a non-emancipated qualifying patient under the age of eighteen.

(5) If the department has reasonable cause to believe that a physician has violated subdivision (1), (2), or (3) of subsection 4 of this section, or the rules promulgated by the department, the department may refer the matter to the state board of registration for the healing arts.

6. (1) A caregiver shall not delegate to any other person his or her authority to provide medical cannabis to a patient nor may a caregiver engage others to assist in providing medical cannabis to a patient.

(2) A caregiver shall not cultivate cannabis. Only a medical cannabis cultivation and production facility may cultivate cannabis and only for medical use.

(3) A caregiver shall provide to a law enforcement agency, upon inquiry, the registry identification card number of each of his or her patients. The department shall maintain a registry of such information and make it available twenty-four hours per day and seven days a week to law enforcement for verification purposes.

7. A registered patient or caregiver shall not:

(1) Purchase medical cannabis from unauthorized sources; or

(2) Obtain medical cannabis from other registered patients or caregivers.

8. (1) To be considered in compliance with this section and the rules of the department, a patient or caregiver shall have his or her registry identification card in his or her possession at all times that he or she is in possession of any form of medical cannabis and produce the same upon request of a law enforcement officer to demonstrate that the patient or caregiver is not in violation of the law. A person who violates this section or the rules promulgated by the department may be subject to criminal prosecution.

(2) The department shall maintain a registry of such information and make available twenty-four hours a day and seven days a week to law enforcement for verification purposes. Authorized employees of state or local law enforcement agencies shall be granted access to the information contained within the state health agency's confidential registry only for the purpose of verifying that an individual who has presented a registry identification card to a state or local law enforcement official is lawfully in possession of such card. The department may promulgate rules to implement this subsection.

(3) The department may deny a patient's application for a registry identification card or revoke the card if the department determines that the physician who diagnosed the patient's qualifying medical condition, the patient, or the caregiver violated this section, or the rules promulgated by the department under this section; except that, when a physician's violation is the basis for adverse action, the department may only deny or revoke a patient's application or registry identification card when the physician's violation is related to the issuance of a medical cannabis recommendation.

(4) A registry identification card shall be valid for one year and shall contain a unique identification number. It shall be the responsibility of the patient to apply to renew his or her registry identification card prior to the date on which the card expires. The department shall develop a form for a patient to use in renewing his or her registry identification card.

(5) If the department grants a patient a waiver to allow a caregiver to transport the patient's medical cannabis from a medical cannabis center to the patient, the department shall designate the waiver on the patient's registry identification card.

(6) A homebound patient who receives a waiver from the department to allow a caregiver to transport the patient's medical cannabis to the patient from a medical cannabis center shall provide the caregiver with the patient's registry identification card, which the caregiver shall carry when the caregiver is transporting the medical cannabis. A medical cannabis center may provide the medical cannabis to the caregiver for transport to the patient if the caregiver produces the patient's registry identification card.

9. (1) The State of Missouri and the medical cannabis centers in this State which hold valid medical cannabis center licenses will recognize a nonresident card under the following circumstances:

(a) The state or jurisdiction from which the holder or bearer obtained the nonresident card grants an exemption from criminal prosecution for the medical use of cannabis;

(b) The state or jurisdiction from which the holder or bearer obtained the nonresident card requires, as a prerequisite to the issuance of such a card, that a physician advise the person that the person has a qualifying medical condition recognized by the state of Missouri;

(c) The nonresident card has an expiration date and has not yet expired;

(d) The state or jurisdiction from which the holder or bearer obtained the nonresident card maintains a database which preserves such information as may be necessary to verify the authenticity or validity of the nonresident card;

(e) The state or jurisdiction from which the holder or bearer obtained the nonresident card allows the division and medical cannabis centers in this State to access the database described in paragraph (d);

(f) The division determines that the database described in paragraph (d) is able to provide to medical cannabis centers in this State information that is sufficiently accurate, current and specific as to allow those centers to verify that a person who holds or bears a nonresident card is entitled lawfully to do so; and

(g) The holder or bearer of the nonresident card agrees to abide by, and does abide by, the legal limits on the possession of cannabis for medical purposes in this State, as set forth in 195.900.3(1).

(2) For the purposes of the reciprocity described in this section:

(a) The amount of medical cannabis that the holder or bearer of a nonresident card is entitled to possess in his or her state or jurisdiction of residence is irrelevant; and

(b) Under no circumstances, while in this State, may the holder or bearer of a nonresident card possess cannabis for medical purposes in excess of the limits set forth in 195.900.3(1).

(3) As used in this section, "nonresident card" means a card or other identification that:

(a) Is issued by a state or jurisdiction other than Missouri; and

(b) Is the functional equivalent of a registry identification card or letter of approval, as determined by the division.

10. (1) The use of medical cannabis is allowed under state law to the extent that it is carried out in accordance with sections 195.900 to 195.985 and the rules of the department.

(2) A patient or caregiver shall not:

(a) Engage in the medical use of cannabis in a way that endangers the health and well-being of a person;

(b) Engage in the medical use of cannabis in plain view or in a place open to the general public;

(c) Undertake any task while under the influence of medical cannabis, when doing so would constitute negligence or professional malpractice;

(d) Possess medical cannabis or otherwise engage in the use of medical cannabis in or on the grounds of a school or in a school bus;

(e) Engage in the use of medical cannabis while:

a. In a correctional facility;
b. Subject to a sentence to incarceration; or
c. In a vehicle, aircraft, or motorboat.

(f) Operate, navigate, or be in actual physical control of any vehicle, aircraft, or motorboat while under the influence of medical cannabis; or

(g) Use medical cannabis if the person does not have a qualifying medical condition as diagnosed by the person's physician in the course of a bona fide physician-patient relationship that has been certified to the department.

(3) A person shall not establish a business to permit patients to congregate and smoke medical cannabis.

11. Only licensed medical cannabis cultivation and production facilities may cultivate medical cannabis.

12. If a patient raises an affirmative defense to prosecution under sections 195.900 to 195.985, the patient's physician shall certify the specific amounts in excess of an adequate supply that are necessary to address the patient's qualifying medical condition and why such amounts are necessary. A patient who asserts this affirmative defense shall waive confidentiality privileges related to the condition or conditions. If a patient, caregiver, or physician raises an exception to the state criminal laws, the patient, caregiver, or physician waives the confidentiality of his or her records related to the qualifying medical condition or conditions maintained by the department for the medical cannabis program. Upon request of a law enforcement agency for such records, the department shall only provide records pertaining to the

individual raising the exception, and shall redact all other patient, caregiver, or physician identifying information.

13. (1) Except as provided in subdivision (2) of this subsection, the department shall establish a basic fee that shall be paid at the time of service of any subpoena upon the department, plus a fee for meals and a fee for mileage at the rate prescribed for state officers and employees, for each mile actually and necessarily traveled in going to and returning from the place named in the subpoena. If the person named in the subpoena is required to attend the place named in the subpoena for more than one day, there shall be paid, in advance, a sum to be established by the department for each day of attendance to cover the expenses of the person named in the subpoena.

(2) The subpoena fee established under subdivision (1) of the subsection shall not be applicable to any federal, state, or local governmental agency.

14. The department may collect fees from patients who apply to the medical cannabis program for a cannabis registry identification card for the purpose of offsetting the department's direct and indirect costs of administering the program. The amount of such fees shall be set by rule of the department. The amount of the fees set under this section shall reflect the actual direct and indirect costs of the department in the administration and enforcement of this section. All fees collected by the department through the medical cannabis program shall be transferred to the state treasurer who shall credit the same to the medical cannabis program account within the medical cannabis license cash fund created in section 195.963.

195.982. 1. No individual or health care entity organized under the laws of this state shall be subject to any adverse action by the state or any agency, board, or subdivision thereof, including civil or criminal prosecution, denial of any right or privilege, the imposition of a civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission if such individual or employee or agent of the health care facility, in its normal course of business and within its applicable licenses and regulations, certifies a qualifying medical condition for an applicant to the medical cannabis program under sections 195.900 to 195.985.

2. A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri State Board of Registration for the Healing Arts, or its successor agency, for issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

3. A health care provider shall not be subject to civil or criminal prosecution, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing health care services that involve the medical use of cannabis consistent with this section and legal standards of professional conduct.

4. A testing laboratory shall not be subject to civil or criminal prosecution, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of cannabis consistent with this section and otherwise meeting legal standards of professional conduct.

5. A caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering cannabis for medical use by a qualifying patient under the provisions of sections 195.900 to 195.985.

6. An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for providing legal assistance to prospective or licensed medical cannabis cultivation and productive facilities, medical cannabis centers, medical cannabis testing facilities, qualifying patients, caregivers, physicians, health care providers, or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

7. Actions and conduct by duly registered or licensed qualifying patients, caregivers, medical cannabis cultivation and production facilities, medical cannabis centers, and medical cannabis testing facilities or their employees or agents, as permitted by this section and in compliance with division and department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

8. Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of cannabis.

9. It is the public policy of the state of Missouri that contracts related to cannabis for medical use that are entered into by qualifying patients, caregivers, medical cannabis cultivation and production facilities, medical cannabis centers, or medical cannabis testing facilities and those who allow property to be used by those entities, shall be enforceable. It is the public policy of the state of Missouri that no contract entered into by qualifying patients, caregivers, medical cannabis cultivation and production facilities, medical cannabis centers, medical cannabis testing facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical cannabis may be prohibited by federal law.

10. Real property used in the cultivation, manufacture, testing, distribution, sale, possession and administration of cannabis for medical use shall not be subject to asset forfeiture solely because of that use.

195.984.1. (1) The division of alcohol and tobacco control may summarily suspend a license issued under sections 195.900 to 195.985 prior to a hearing in order immediately to stop or restrict operations by a licensee to protect the public health, safety, or welfare. The division may rescind or amend a summary suspension.

(2) If, based upon inspection, affidavits, or other evidence, the division determines that a licensee or the products prepared by a licensee pose an immediate or serious threat to the public health, safety, or welfare, the division may summarily suspend a license:

(a) Requiring cessation or restriction of any or all licensee operations and prohibiting the use of medical cannabis produced by such licensee; or

(b) Placing restrictions on a licensee to the extent necessary to avert a continued threat, pending final investigation results.

(3) The requirements of the summary suspension shall remain in effect until the division rescinds or amends such requirements or until such time as the division takes final action on any related pending complaint and issues a final decision.

2. The department of health and senior services may summarily suspend any registration issued under section 195.981, pending further proceedings for denial of renewal or revocation of a registration, whenever the department finds that the continued registration poses an imminent danger to the public health, safety, or welfare.

195.985. 1. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in sections 195.900 to 195.985 shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. Sections 195.900 to 195.985 and chapter 536 are nonseverable, and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after November 6, 2018, shall be invalid and void.

2. If any provision of sections 195.900 to 195.985 or its application to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of sections 195.900 to 195.985 which can be given full effect without the invalid provision or application, and to this end the provisions of sections 195.900 to 195.985 are severable.

263.250. 1. The plant "marijuana", botanically known as cannabis sativa, is hereby declared to be a noxious weed and all owners and occupiers of land shall destroy all such plants growing upon their land. Any person who knowingly allows such plants to grow on his land or refuses to destroy such plants after being notified to do so shall allow any sheriff or such other persons as designated by the county commission to enter upon any land in this state and destroy such plants.

2. Entry to such lands shall not be made, by any sheriff or other designated person to destroy such plants, until fifteen days' notice by certified mail shall be given the owner or occupant to destroy such plants or a search warrant shall be issued on probable cause shown. In all such instances, the county commission shall bear the cost of destruction and notification.

3. The provisions of this section shall not apply to the authorized cultivation and production of cannabis plants for purposes of providing medical cannabis under sections 195.900 to 195.985.

311.610. 1. For the purpose of carrying out the provisions of this chapter [and], the liquor control law, and sections 195.900 to 195.985 the governor, by and with the advice and consent of the senate, shall appoint some suitable person of good moral character over the age of thirty years, who has been a qualified elector in the state of Missouri for at least five years next before the date of his appointment, as supervisor of liquor control. The supervisor of liquor control shall serve at the pleasure and under the supervision and direction of the governor.

2. The supervisor of liquor control shall devote his entire time to the duties of his office and, with the approval of the governor, appoint and employ all agents, assistants, deputies, inspectors and employees necessary for the proper enforcement and administration of the provisions of the liquor control law whose salaries shall be fixed by the governor, but no salary shall be greater than that paid to employees in other state departments for similar work, except that no salary of an agent directly engaged in the enforcement of the liquor control law shall be less than eight thousand dollars a year. In addition to his salary, the supervisor of liquor control and each of the agents, assistants, deputies, inspectors and employees shall be reimbursed for all expenses necessarily incurred in the discharge of their duties. No expenses shall be allowed for sustenance to any supervisor, agent, assistant, deputy, inspector or employee while in the city or town of his residence.

3. Before entering upon the discharge of his duties, the supervisor of liquor control shall take and subscribe to an oath to support the Constitution of the United States and of this state, and faithfully demean himself in office, and shall also execute bond to the state of Missouri in the penal sum of ten thousand dollars, conditioned for the faithful performance of the duties of his office, which bond shall be approved by the governor and deposited with the secretary of state and kept in his office; the premiums of the bond shall be paid by the state out of funds appropriated for that purpose.

4. The supervisor of liquor control shall issue licenses for the manufacture and sale of ardent spirits, malt, vinous, fermented and every class of liquors used as beverages. The supervisor of liquor control shall keep a record of all intoxicating liquor manufactured, brewed or sold in this state by every brewery, distiller, manufacturer, distributor or wholesaler, and make a complete report of the same to the governor at the end of each calendar year, or as soon thereafter as possible.

311.620. 1. No person shall be appointed as agent, assistant, deputy or inspector under the provisions of the liquor control law or the Missouri Patient Care Act who shall have been convicted of or against whom any indictment may be pending for any offense; nor shall any person be appointed as such agent, assistant, deputy or inspector who is not of good character or who is not a citizen of the United States, and who is not or has not been a resident taxpaying citizen of the state for a period of three years previous to his appointment; or who is not able to read and write the English language or who does not possess ordinary physical strength and who is not able to pass such physical and mental examination as the majority of a board, consisting of

the governor, lieutenant governor, attorney general, and the supervisor of liquor control may prescribe.

2. No agent, assistant, deputy or inspector so appointed shall hold any other commission or office, elective or appointive or accept any other employment compensation while he is an employee of the department of liquor control, except with the written permission of the supervisor of liquor control. No agent, assistant, deputy or inspector of the department of liquor control shall accept any reward or gift other than his regular salary and expenses as provided in this chapter. No agent, assistant, deputy or inspector of the department of liquor control shall perform any police duty connected with the conduct of any election, nor at any time or in any manner electioneer for or against any party ticket, or any candidate for nomination or office on any party ticket, nor for or against any proposition of any kind or nature to be voted upon at any election.

3. The agents, assistants, deputies and inspectors appointed under the provisions of section 311.610 shall before entering upon the discharge of their duties, each take and subscribe an oath to support the Constitution and laws of the United States and the State of Missouri and to faithfully demean themselves in office in the form prescribed by Section 11, Article VII of the Constitution of this State, and they shall each give bond to be approved by the supervisor of liquor control for faithful performance of the duties of their respective offices and to safely keep and account for all moneys and property received by them. This bond shall be in the sum of five thousand dollars, and the cost of furnishing all such bonds shall be paid by the state.

4. Any agent, assistant, deputy or inspector of the department of liquor control who shall violate the provisions of this chapter shall be immediately discharged.

311.630. 1. The supervisor of alcohol and tobacco control and employees to be selected and designated as peace officers by the supervisor of alcohol and tobacco control are hereby declared to be peace officers of the state of Missouri, with full power and authority to make arrests and searches and seizures only for violations of the provisions of this chapter relating to intoxicating liquors, [and] sections 407.924 to 407.934 relating to tobacco products, and sections 195.900 to 195.985 and to serve any process connected with the enforcement of such laws. The peace officers so designated shall have been previously appointed and qualified under the provisions of section 311.620 and shall be required to hold a valid peace officer license pursuant to chapter 590.

2. The supervisor of alcohol and tobacco control shall furnish such peace officers with credentials showing their authority and a special badge, which they shall carry on their person at all times while on duty. The names of the peace officers so designated shall be made a matter of public record in the office of the supervisor of alcohol and tobacco control.

3. All fees for the arrest and transportation of persons arrested and for the service of writs and process shall be the same as provided by law in criminal proceedings and shall be taxed as costs.

311.660. 1. The supervisor of liquor control shall have the authority to suspend or revoke for cause all such licenses; and to make the following regulations, without limiting the generality

of provisions empowering the supervisor of liquor control as in this chapter set forth as to the following matters, acts and things:

(1) Fix and determine the nature, form and capacity of all packages used for containing intoxicating liquor of any kind, to be kept or sold under this law;

(2) Prescribe an official seal and label and determine the manner in which such seal or label shall be attached to every package of intoxicating liquor so sold under this law; this includes prescribing different official seals or different labels for the different classes, varieties or brands of intoxicating liquor;

(3) Prescribe all forms, applications and licenses and such other forms as are necessary to carry out the provisions of this chapter, except that when a licensee substantially complies with all requirements for the renewal of a license by the date on which the application for renewal is due, such licensee shall be permitted at least an additional ten days from the date notice is sent that the application is deficient, in which to complete the application;

(4) Prescribe the terms and conditions of the licenses issued and granted under this law;

(5) Prescribe the nature of the proof to be furnished and conditions to be observed in the issuance of duplicate licenses, in lieu of those lost or destroyed;

(6) Establish rules and regulations for the conduct of the business carried on by each specific licensee under the license, and such rules and regulations if not obeyed by every licensee shall be grounds for the revocation or suspension of the license;

(7) The right to examine books, records and papers of each licensee and to hear and determine complaints against any licensee;

(8) To issue subpoenas and all necessary processes and require the production of papers, to administer oaths and to take testimony;

(9) Prescribe all forms of labels to be affixed to all packages containing intoxicating liquor of any kind; and

(10) To make such other rules and regulations as are necessary and feasible for carrying out the provisions of this chapter, as are not inconsistent with this law.

2. The supervisor of liquor control shall have the authority to regulate and control the licensing of the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis in this state; to grant or refuse state licenses for the cultivation, manufacture, distribution, testing, possession, and sale of medical cannabis as provided by law; suspend, fine, restrict, or revoke such licenses upon a violation of sections 195.900 to 195.985, or a rule promulgated under sections 195.900 to 195.985; to impose any penalty authorized by sections 195.900 to 195.985, or any rule promulgated under sections 195.900 to 195.985; and to establish, revise, and amend rules and regulations as necessary to carry into effect the provisions of sections 195.900 to 195.985 as set forth in section 195.906.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

July 25, 2017

RECEIVED
JUL 25 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 156 (2018-252)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on July 25, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any referendum petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

PETITION FOR REFERENDUM

To the Honorable John P. (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that Senate Substitute Number 2 for Senate Bill No. 19, entitled "An Act To amend chapter 290, RSMo, by adding thereto one new section relating to labor organizations, with penalty provisions," passed by the 99th general assembly of the state of Missouri, at the first regular session of the 99th general assembly, shall be referred to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, unless the general assembly shall designate another date, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

OFFICIAL BALLOT TITLE CERTIFIED BY THE SECRETARY OF STATE

RECEIVED
JUL 25 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

"Be it resolved by the people of the state of Missouri that the Constitution be amended:"
To form a new Chapter numbered 156. The title of the new chapter will be "Taxation of 'Gross State Product" to prevent Monopolistic Practices'.

156.010 1. Beginning on January 1, 2019, any non-public business that does business in the state of Missouri that has a "Gross State Product" exceeding 10 million dollars will be levied a sum equal to 5% of their "Gross State Product". This levy will be accessed on the previous year's "Gross State Product" and payments will be made quarterly.

(a) Any of the businesses meeting this qualification that also controls more than 50% of the products and services sold or distributed or have sufficient control to cause barriers to entry in commerce in the state of Missouri will be levied an additional sum of 5% of their "Gross State Product".

(b) Any business that exceeds the 10 million dollars "Gross State Product" and has ***vertical integration*** of 70% or more of their product will be levied an additional 5% of their "Gross State Product".

(1). Vertical Integration will be calculated by the sum of increased value or by the amount of labor involved or by the investment of money involved in the process, whichever is larger.

(2). If the investment is the standard for calculation and the final process is a distribution point, the final dollar amount will be the wholesale value at that point.

2. All funds collected will go to the state road fund.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

July 25, 2017

RECEIVED
JUL 25 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapters 156 and 290 (2018-251)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on July 25, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any referendum petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

PETITION FOR REFERENDUM

To the Honorable John P. (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that Senate Substitute Number 2 for Senate Bill No. 19, entitled "An Act To amend chapter 290, RSMo, by adding thereto one new section relating to labor organizations, with penalty provisions," passed by the 99th general assembly of the state of Missouri, at the first regular session of the 99th general assembly, shall be referred to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, unless the general assembly shall designate another date, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

OFFICIAL BALLOT TITLE CERTIFIED BY THE SECRETARY OF STATE

RECEIVED

JUL 25 2017

MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

"Be it resolved by the people of the state of Missouri that the Constitution be amended:"
To form a new Chapter numbered 156. The title of the new chapter will be "Taxation of 'Gross State Product" to prevent Monopolistic Practices'.

156.010 1. Beginning on January 1, 2019, any non-public business that does business in the state of Missouri that has a "Gross State Product" exceeding 10 million dollars will be levied a sum equal to 5% of their "Gross State Product". This levy will be accessed on the previous year's "Gross State Product" and payments will be made quarterly.

(a) Any of the businesses meeting this qualification that also controls more than 50% of the products and services sold or distributed or have sufficient control to cause barriers to entry in commerce in the state of Missouri will be levied an additional sum of 5% of their "Gross State Product".

(b) Any business that exceeds the 10 million dollars "Gross State Product" and has ***vertical integration*** of 70% or more of their product will be levied an additional 5% of their "Gross State Product".

(1), Vertical Integration will be calculated by the sum of increased value or by the amount of labor involved or by the investment of money involved in the process, whichever is larger.

(2). If the investment is the standard for calculation and the final process is a distribution point, the final dollar amount will be the wholesale value at that point.

2. All funds collected will go to the state road fund.

3. Any non-public business that does business in the state of Missouri that has a "Gross State Product" exceeding 10 million dollars will provide their employees the following benefits:

(a) All full-time employees (those exceeding 32 hours weekly) will receive medical insurance'

(b) All full-time employees (those exceeding 32 hours weekly) will earn vacation time of at least 1 week the first year, 2 weeks the second year, and 3 weeks after 5 years. One week of sick leave will be granted each year which will accumulate if unused. If 5 weeks have been accumulated, this amount will be placed in a separate trust fund from the business and be available for future illness and/or available to the employee at retirement or age of 60.

(c) All employees will have choice of positions that they are qualified for on a seniority basis. Transfers will be allowed for bid at least once per year.

(d) All employees will have a weekly posted schedule. Ten percent of the work force may be on an on-call basis. The 'on-call position will be a bid position available by seniority.

4. 290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

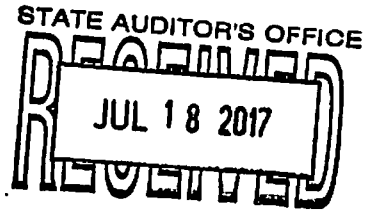
3. Any non-public business that does business in the state of Missouri that has a "Gross State Product" exceeding 10 million dollars will pay a minimum wage of $15.00 per hour inflation-adjusted beginning on January 1, 2019.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

July 18, 2017



The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed statutory amendment to Chapter 147 (2018-250)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Gerald Peterson on July 18, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any referendum petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

PETITION FOR REFERENDUM

To the Honorable John P. (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that Senate Substitute Number 2 for Senate Bill No. 19, entitled "An Act To amend chapter 290, RSMo, by adding thereto one new section relating to labor organizations, with penalty provisions," passed by the 99th general assembly of the state of Missouri, at the first regular session of the 99th general assembly, shall be referred to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, unless the general assembly shall designate another date, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

OFFICIAL BALLOT TITLE CERTIFIED BY THE SECRETARY OF STATE

RECEIVED
JUL 18 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

"Be it resolved by the people of the state of Missouri that the Constitution be amended:"

The annual franchise tax will be amended as follows:

147.010. 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state exceed two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter 351 or not, shall be subject to this section. Any corporation whose outstanding shares and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state that fact on the annual report form prescribed by the secretary of state. For all taxable years beginning on or after January 1, 2000, but ending before December 31, 2009, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do not exceed one million dollars shall state that fact on the annual report form prescribed by the director of revenue. For taxable years beginning on or after January 1, 2010, but before December 31, 2011, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars. For all taxable years beginning on or after January 1, 2010, but before December 31, 2015, any corporation whose outstanding shares and surplus do not exceed ten million dollars shall state that fact on the annual report form prescribed by the director of revenue. For all taxable years beginning on or after January 1, 2011, but before December 31, 2015, a corporation's annual tax liability under this chapter shall not exceed the amount of annual franchise tax liability of such corporation for the taxable year ending on or before December 31, 2010. If the corporation had no annual franchise tax liability under this chapter for the taxable year ending on or before December 31, 2010, because such corporation was not in existence or doing business in Missouri, the annual franchise tax for the first taxable year in which such corporation exists shall be determined by applying the applicable rate of tax provided under the provisions of this subsection to the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars, but in no case shall such corporation's tax liability for any subsequent taxable year exceed the amount of annual franchise tax liability of such corporation for the first full taxable year such corporation was in existence or doing business in Missouri. For taxable years beginning on or after January 1, 2012, the annual franchise tax shall be equal to the percentage rate prescribed in this subsection for the corresponding taxable year of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed the corresponding minimum threshold amount prescribed as follows:

(1) For tax year 2012, the rate shall be one-thirty-seventh of one percent and the threshold amount shall be ten million dollars;

(2) For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold amount shall be ten million dollars;

(3) For tax year 2014, the rate shall be one-seventy-fifth of one percent and the threshold amount shall be ten million dollars;

(4) For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the threshold amount shall be ten million dollars;

{(5) For tax years beginning on or after January 1, 2016, no annual franchise tax shall be imposed under this section.}

(5) For the tax year 2019, the rate shall be one percent and the threshold amount shall be ten million dollars and shall remain at that rate unless changed through a ballot of the citizens of the state of Missouri. The first quarterly payment will be due on April 15th of 2019.

(6) The annual franchise tax will be to provide revenue for the stressed portions of the Missouri public-school system including pre-kindergarten, elementary and secondary education. The Missouri budget for elementary and secondary education will not be replaced by this bill. The elementary and secondary education budgets will remain at least equal to a percent of the total budget from general revenue in future years as during the year 2015. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget

(7) .All subsections and all clauses of this statute, and the phrases, and the words within them, are severable If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

July 17, 2017

RECEIVED
JUL 17 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article V (2018-249)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on July 17, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

RECEIVED
JUL 17 2017
MO. SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article V entitled Judicial Department, is amended by adding one new section to be known as Section 32, to read as follows:

The Supreme Court allows certified paralegals or legal assistants certified by a credited college or university to shadow and work alongside of an attorney at law for a period of three years. Thereafter, the person would be allowed to take a bar exam and if passed will be able to practice law in Missouri and will be accepted by the Supreme Court and the Appeals Courts and all Courts and Tribunals in the state and have the same basic rights to practice law and give legal advice to the People of the state.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-249)

Subject

Initiative petition from Steven Reed regarding a proposed constitutional amendment to Article V. (Received July 17, 2017)

Date

August 7, 2017

Description

This proposal would amend Article V of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and **Missouri Bar Association.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact for this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this initiative petition.

Officials from the **Department of Transportation** indicated no impact.

Officials from the **Office of Administration** indicated this proposal would allow certified paralegals and legal assistants that have shadowed and worked alongside of an attorney for three years to take the bar exam and, if passed, practice law in Missouri. There should be no impact to their office.

Officials from the **Office of State Courts Administrator** indicated since the number of people who would qualify to practice law under this amendment is unknown the impact cannot be quantified at this time. Any significant changes will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this proposal may provide additional "attorneys" to be hired by the Public Defender, but it will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Springfield** indicated they are trying to determine what has changed or would be different than the current process for certifying a petition that might affect the costs to their city.

Officials from the **City of St. Joseph** indicated this proposal would not have an impact on the local government.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Louis,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Missouri Bar Association.**

Fiscal Note Summary

State and local governmental entities estimate no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

July 17, 2017

RECEIVED
JUL 17 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article IV, Section 54 (2018-248)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on July 17, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

RECEIVED
JUL 17 2017
MO. SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article IV of the Constitution of Missouri is amended by adding one new section to be known as Section 54 and to read as follows:

A state sales tax of one tenth of one percent will provide additional money for the State Economic Development Department to be used solely for the promotion and development of "Technology Parks in Missouri." Technology Parks serve as incubators helping create new companies, jobs, and research and development. Cities will be able to apply with the State of Missouri to have certified technology park status. Local counties or cities operating in the state may place voting yes or no on their ballot to seek approval or disapproval of the People to have such a development in their community.

The one year sales/use tax of one tenth of one percent (referred to above) is hereby levied and imposed upon all sellers for the privilege of selling tangible personal property or rendering taxable services at retail in this state upon the sales and services which now are or hereafter are listed and set forth in, and, except as to the amount of tax, subject to the provisions of and to be collected as provide in the "Sales Tax Law" and subject to the rules and regulations promulgated in connection therewith; the one year sales/use tax of one tenth of one percent is levied and imposed for the privilege of storing, using or consuming within this state any article of tangible personal property as set forth and provided in the "Compensating Use Tax Law" and, except as to the amount of the tax, subject to the provisions of and to be collected as provided in the "Compensating Tax Law" and subject to the rules and regulations promulgated in connection therewith.

Schedule

Section 54 amendment. All of the provisions of 54 amendment shall be self-enforcing except that the general assembly shall adjust brackets for the collection of the sales and use taxes. The above one tenth of one percent sales/use tax will sunset one year after imposition.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-248)

Subject

Initiative petition from Steven Reed regarding a proposed constitutional amendment to Article IV. (Received July 17, 2017)

Date

August 7, 2017

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Joint Municipal Electric Utility Commission,** and **Missouri Municipal League.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the Department of Economic Development indicated no impact to their department.

Officials from the **Department of Higher Education** indicated no fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact on their department.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department but will increase total state revenues.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this initiative petition.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal imposes a $1/10^{th}$ of 1% state sales tax for one year to provide additional money for the Department of Economic Development to promote and develop technology parks. If this proposal passes during the 2018 General Election, the new sales tax would begin January 1, 2019 and end December 31, 2019. Based on gross general revenue tax collection in FY 17 of $2,147.1 million, B&P estimates that the 0.1% sales tax would generate $35.8M in FY 19 and FY 20. The language is silent on where the sales tax would be deposited; therefore, B&P assumes it would be deposited in general revenue. The language allows counties or cities to vote, but does not specify on what they are voting. This response assumes there would be no fiscal impact related to that vote. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY 2013, the appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing

requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would result in no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Springfield** indicated they are trying to determine what has changed or would be different than the current process for certifying a petition that might affect the costs to their city.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, the Missouri Joint Municipal Electric Utility Commission,** and the **Missouri Municipal League.**

Fiscal Note Summary

This proposal will impose a state sales and use tax of one-tenth of one percent for one year. The additional revenues of approximately $71.6 million will be used for the promotion and development of Technology Parks in Missouri.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

July 17, 2017

RECEIVED
JUL 17 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article IV, Section 30 (2018-247)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on July 17, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
JUL 17 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article IV, section 30 of the Missouri Constitution shall be amended to provide for a one-tenth of one-percent sales tax on motor vehicle fuel, the proceeds of which shall be used to develop rail passenger service in Missouri.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

July 17, 2017

RECEIVED
JUL 17 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article I (2018-246)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on July 17, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

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INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
JUL 17 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

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_____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article I entitled Bill of Rights, is amended by adding one new section to be known as Section 36, to read as follows:

Section 36. All Missouri Career Center locations will allow the People of Missouri to petition at their public entrances as allowed in the State and Federal Constitutions. The Career Centers are public forums were People discuss employment and jobs and interact with others and by use of computers.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-246)

Subject

Initiative petition from Steven Reed regarding a proposed constitutional amendment to Article I. (Received July 17, 2017)

Date

August 7, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact for this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this initiative petition.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal would expressly allow people to petition at the public entrances of all Missouri Career Center locations as allowed in the state and federal Constitutions. This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition would result in no fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Springfield** indicated they are trying to determine what has changed or would be different than the current process for certifying a petition that might affect the costs to their city.

Officials from the **City of St. Joseph** indicated proposing to amend Article I would not have a fiscal impact on the local government.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Louis,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State and local governmental entities estimate no costs or savings from this proposal.

County _____

Page No. _____

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PETITION FOR REFERENDUM

To the Honorable John P. (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that Senate Substitute Number 2 for Senate Bill No. 19, entitled "An Act To amend chapter 290, RSMo, by adding thereto one new section relating to labor organizations, with penalty provisions," passed by the 99th general assembly of the state of Missouri, at the first regular session of the 99th general assembly, shall be referred to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, unless the general assembly shall designate another date, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

OFFICIAL BALLOT TITLE CERTIFIED BY THE SECRETARY OF STATE

RECEIVED
JUL 17 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

"Be it resolved by the people of the state of Missouri that the Constitution be amended:"
Chapter 208,RSMo, is amended by adding thereto one new section, to be known as section 208.207, to read as follows:

1. Beginning January 1, 2019, individuals age nineteen to sixty-four, who are not otherwise eligible for MO HealthNet services under this chapter, who qualify for MO HealthNet srvices under section 42 U.S.C. 1396a(a)(10()(A)(i)(VIII) and as set forth in 42 CFR 435.119, and who have income at or below one hundred thirty-three percent of the federal poverty level plus five percent of the applicable family size as determined under 42 U.S.C. 1396a(e)(14) amd as set fprtj om 42 CFR 435.603, shall be eligible for medical assistance under Mo HealthNet and shall receive coverage for the health benefits service package.

2. For purposes of this section, "health benefits service package" shall mean, subject to federal approval, benefits covered by the MO HealthNet program as determined by the department of social services to meet the benchmark or benchmark-equivalent coverage requirement under 42 U.S.C. 1396a(k)(1).

3. The reimbursement rate to MO HealthNet providers for MO HealthNet services provided to individuals qualifying under the provisions of this section shall be comparable to commercial reimbursement payment levels with trend adjustment for comparable services. The rates shall be determined annually by the department of social services, and the department may develop such rates through a contracted actuary. The higher commercial comparable rates shall only apply for services provided to individuals qualifying under this section.

4. (1) The department of social srvices shall discontinue eligibility for persons who are elibible under subsection 1 of this section if:

(a) The federal medical assistance percentage established under 42 U.S.C. Section 1396d(y) or 1369d(z) is less than than ninety percent as specified for 2020 each year thereafter or an amount determined by the MO HealthNet oversight committee to be necessary to maintain state budget solvency, whichever is lower; and

(b) The general assembly votes to discontinue eligibility for persons who are eligible under subsection 1 of this section. Prior to any vote under this paragraph, the MO HealthNet oversight committee and the department of social services shall provide the general assembly with information on the current and projected expenses incurred due to expanding eligibility to persons under subsection 1 of this section in relation to health-related savings and revenues and health outcomes of individuals and families receiving benefits under subsection 1 of this section.

(2) The department of social services shall inform persons elibible under subsection 1 of this section that their benefits may be reduced or eliminated if federal funding decreases of is eliminate.

5. The MO HealthNet oversite committee shall conduct research and investigate any potential health-related savings and revenues associated with expanding eligibility to persons under subsection 1 of this section. The committee shall investigate the federal matching rate below which the state could not maintain the expanded esibibility to persons under subsection 1 of this section. If the amount is determined to be greater than ninety percent, the committee shall report its findings to the general assembly for its consideration prior to any vote under paragraph (b) of subdivision (1) of subsection 4 of this section. In conducting its research and investigation, the committee shall also determine the feasibility of:

(1) Implementing capped cost sharing for persons eligible under subsection 1 of this section which may be reduced based on healthy behaviors of participants.

(2) Expanding Medicaid coverage for certain health care services that are currently financed by the state: and

(3) Enrolling persons under subsection 1 of this section in private health benefit plans.

6. All person living one hundred eighty-five percent of the federal poverty level for the applicable family size will be eligible for paid birth control methods to be paid from Medicaid. Birth control and family planning covered by this bill which will begin on January 1, 2019. There will be no cost for family planning services, including office visits and drugs/devices to the patient. The patient will not have to pay a co-

payment for family planning services. The patient can go to any health provider who offers family planning services such as:

(a) Birth control pills, Patches (like the OrthoEvra Patch), Vaginal rings (like the NuvaRing), Injections (like the Depo shot), Implants (like Implanon), Intrauterine devices (IUDs – like Mirena or Paragard), Emergency birth control ("the morning-after pill"), Diaphragms, Condoms, Surgical sterilization for clients 21 years old and older (like vasectomies or tubal ligation's, including the Essure procedure) or any future approved medical procedures will be included at the patient's choice.

(b) An ob/gyn or gynecologist, a certified nurse-midwife, a nurse practitioner or other advanced practice nurse, a family planning clinic, your regular doctor or primary care provider or Planned Parenthood unit that accepts Medicaid.

Birth control and family planning will be available to eligible MO women and male residents 13 years of age and over with proof of age and residence. Those seeking birth control and family planning will not need permission from family, spouses or guardians. Confidentially will be ensured at all levels. Any savings to the state from Medicaid expansion that is not used for family planning and birth control will go toward the reduction of the levy on hospitals that this bill mandates.

7. If at any time funding for Planned Parenthood by the federal government is discontinued or if it has already been discontinued at the passage of this amendment, the hospital levy will be increased enough to replace the federal funding of Planned Parenthood to a level at least equal to that of 2015 adjusted for inflation. The state of MO will fund Planned Parenthood at a level at least equal to 2015 adjusted for inflation beginning on Jan 1, 2019, and if by the time this measure is accepted, the state of MO has stopped funding Planned Parenthood, the state will begin funding Planned Parenthood again at a level equal to 2015 inflation-adjusted.

8. The cost to the state for expanding medical coverage will be borne by the hospitals in the state of Missouri as follows:

(a) All hospitals in MO will be accessed a fee to pay for the expense of this expansion. The first year will be an estimate by the 'department of health and senior services'. Assessment will be made based on the most recent records of 'department of health and senior services' for a full year and adjustments for new assessments will begin on the first of April of each following year. Each hospital will pay a share equal to the percentage of patient admittance of each hospital of the total MO visits. Each admittance will count separately even though it is a re-admittance. Hospitals will begin monthly payments on Jan 1, 2019. Hospitals will make monthly payments to the state of MO into a fund that will only be used for the full Federal Medicaid Expansion, Planned Parenthood and birth control for residents of Missouri.

(b) Missouri will make immediate application and if fees for implementation have not occurred from the hospitals on implementation, the state will borrow from reserve funds to expedite enrollment. These funds will be paid back upon receipt of funds beginning on Feb 15, 2019.

9. The 'MO HealthNet oversight committee shall conduct research and investigation for any potential heath related savings and revenues associated with expanding Medicaid eligibility and for birth control resulting in fewer births and associated costs as well as savings from continuing 'Planned Parenthood'. Any savings will go to the reduction or elimination of hospital levy. Any additional savings will go to the mental health budget. The 'health and senior services' budget in future years will remain at least at the same percent of total MO budget as in 2015 with the excess not needed going to the mental health budget with priorities for communities with the highest percent of poverty.

11. All subsections and all clauses of this statute, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

County _____

Page No. _____

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CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

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_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

"Be it resolved by the people of the state of Missouri that the Constitution be amended:"
Chapter 208,RSMo, is amended by adding thereto one new section, to be known as section 208.207, to read as follows:

1. Beginning January 1, 2019, individuals age nineteen to sixty-four, who are not otherwise eligible for MO HealthNet services under this chapter, who qualify for MO HealthNet srvices under section 42 U.S.C. 1396a(a)(10())(A)(i)(VIII) and as set forth in 42 CFR 435.119, and who have income at or below one hundred thirty-three percent of the federal poverty level plus five percent of the applicable family size as determined under 42 U.S.C. 1396a(e)(14) amd as set fprtj om 42 CFR 435.603, shall be eligible for medical assistance under Mo HealthNet and shall receive coverage for the health benefits service package.

2. For purposes of this section, "health benefits service package" shall mean, subject to federal approval, benefits covered by the MO HealthNet program as determined by the department of social services to meet the benchmark or benchmark-equivalent coverage requirement under 42 U.S.C. 1396a(k)(1).

3. The reimbursement rate to MO HealthNet providers for MO HealthNet services provided to individuals qualifying under the provisions of this section shall be comparable to commercial reimbursement payment levels with trend adjustment for comparable services. The rates shall be determined annually by the department of social services, and the department may develop such rates through a contracted actuary. The higher commercial comparable rates shall only apply for services provided to individuals qualifying under this section.

4. (1) The department of social srvices shall discontinue eligibility for persons who are elibible under subsection 1 of this section if:

(a) The federal medical assistance percentage established under 42 U.S.C. Section 1396d(y) or 1369d(z) is less than than ninety percent as specified for 2020 each year thereafter or an amount determined by the MO HealthNet oversight committee to be necessary to maintain state budget solvency, whichever is lower; and

(b) The general assembly votes to discontinue eligibility for persons who are eligible under subsection 1 of this section. Prior to any vote under this paragraph, the MO HealthNet oversight committee and the department of social services shall provide the general assembly with information on the current and projected expenses incurred due to expanding eligibility to persons under subsection 1 of this section in relation to health-related savings and revenues and health outcomes of individuals and families receiving benefits under subsection 1 of this section.

(2) The department of social services shall inform persons elibible under subsection 1 of this section that their benefits may be reduced or eliminated if federal funding decreases of is eliminate.

5. The MO HealthNet oversite committee shall conduct research and investigate any potential health-related savings and revenues associated with expanding eligibility to persons under subsection 1 of this section. The committee shall investigate the federal matching rate below which the state could not maintain the expanded esibibility to persons under subsection 1 of this section. If the amount is determined to be greater than ninety percent, the committee shall report its findings to the general assembly for its consideration prior to any vote under paragraph (b) of subdivision (1) of subsection 4 of this section. In conducting its research and investigation, the committee shall also determine the feasibility of:

(1) Implementing capped cost sharing for persons eligible under subsection 1 of this section which may be reduced based on healthy behaviors of participants.

(2) Expanding Medicaid coverage for certain health care services that are currently financed by the state: and

(3) Enrolling persons under subsection 1 of this section in private health benefit plans.

6. All person living one hundred eighty-five percent of the federal poverty level for the applicable family size will be eligible for paid birth control methods to be paid from Medicaid. Birth control and family planning covered by this bill which will begin on January 1, 2019. There will be no cost for family planning services, including office visits and drugs/devices to the patient. The patient will not have to pay a co-

payment for family planning services. The patient can go to any health provider who offers family planning services such as:

(a) Birth control pills, Patches (like the OrthoEvra Patch), Vaginal rings (like the NuvaRing), Injections (like the Depo shot), Implants (like Implanon), Intrauterine devices (IUDs – like Mirena or Paragard), Emergency birth control ("the morning-after pill"), Diaphragms, Condoms, Surgical sterilization for clients 21 years old and older (like vasectomies or tubal ligation's, including the Essure procedure) or any future approved medical procedures will be included at the patient's choice.

(b) An ob/gyn or gynecologist, a certified nurse-midwife, a nurse practitioner or other advanced practice nurse, a family planning clinic, your regular doctor or primary care provider or Planned Parenthood unit that accepts Medicaid.

Birth control and family planning will be available to eligible MO women and male residents 13 years of age and over with proof of age and residence. Those seeking birth control and family planning will not need permission from family, spouses or guardians (those under the age of 16 will need permission of guardians or parent). Confidentially will be ensured at all levels. Any savings to the state from Medicaid expansion that is not used for family planning and birth control will go toward the reduction of the levy on hospitals that this bill mandates.

7, If at any time funding for Planned Parenthood by the federal government is discontinued or if it has already been discontinued at the passage of this amendment, the hospital levy will be increased enough to replace the federal funding of Planned Parenthood to a level at least equal to that of 2015 adjusted for inflation. The state of MO will fund Planned Parenthood at a level at least equal to 2015 adjusted for inflation beginning on Jan 1, 2019, and if by the time this measure is accepted, the state of MO has stopped funding Planned Parenthood, the state will begin funding Planned Parenthood again at a level equal to 2015 inflation-adjusted.

8. The cost to the state for expanding medical coverage will be borne by the hospitals in the state of Missouri as follows:

(a) All hospitals in MO will be accessed a fee to pay for the expense of this expansion. The first year will be an estimate by the 'department of health and senior services'. Assessment will be made based on the most recent records of 'department of health and senior services' for a full year and adjustments for new assessments will begin on the first of April of each following year. Each hospital will pay a share equal to the percentage of patient admittance of each hospital of the total MO visits. Each admittance will count separately even though it is a re-admittance. Hospitals will begin monthly payments on Jan 1, 2019. Hospitals will make monthly payments to the state of MO into a fund that will only be used for the full Federal Medicaid Expansion, Planned Parenthood and birth control for residents of Missouri.

(b) Missouri will make immediate application and if fees for implementation have not occurred from the hospitals on implementation, the state will borrow from reserve funds to expedite enrollment. These funds will be paid back upon receipt of funds beginning on Feb 15, 2019.

9. The 'MO HealthNet oversight committee shall conduct research and investigation for any potential heath related savings and revenues associated with expanding Medicaid eligibility and for birth control resulting in fewer births and associated costs as well as savings from continuing 'Planned Parenthood'. Any savings will go to the reduction or elimination of hospital levy. Any additional savings will go to the mental health budget. The 'health and senior services' budget in future years will remain at least at the same percent of total MO budget as in 2015 with the excess not needed going to the mental health budget with priorities for communities with the highest percent of poverty.

11. All subsections and all clauses of this statute, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any referendum petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

PETITION FOR REFERENDUM

To the Honorable John P. (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that Senate Substitute Number 2 for Senate Bill No. 19, entitled "An Act To amend chapter 290, RSMo, by adding thereto one new section relating to labor organizations, with penalty provisions," passed by the 99th general assembly of the state of Missouri, at the first regular session of the 99th general assembly, shall be referred to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, unless the general assembly shall designate another date, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

OFFICIAL BALLOT TITLE CERTIFIED BY THE SECRETARY OF STATE

RECEIVED
JUL 17 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
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10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

"Be it resolved by the people of the state of Missouri that the Constitution be amended:"

The annual franchise tax will be amended as follows:

147.010. 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state exceed two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter 351 or not, shall be subject to this section. Any corporation whose outstanding shares and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state that fact on the annual report form prescribed by the secretary of state. For all taxable years beginning on or after January 1, 2000, but ending before December 31, 2009, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do not exceed one million dollars shall state that fact on the annual report form prescribed by the director of revenue. For taxable years beginning on or after January 1, 2010, but before December 31, 2011, the annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars. For all taxable years beginning on or after January 1, 2010, but before December 31, 2015, any corporation whose outstanding shares and surplus do not exceed ten million dollars shall state that fact on the annual report form prescribed by the director of revenue. For all taxable years beginning on or after January 1, 2011, but before December 31, 2015, a corporation's annual tax liability under this chapter shall not exceed the amount of annual franchise tax liability of such corporation for the taxable year ending on or before December 31, 2010. If the corporation had no annual franchise tax liability under this chapter for the taxable year ending on or before December 31, 2010, because such corporation was not in existence or doing business in Missouri, the annual franchise tax for the first taxable year in which such corporation exists shall be determined by applying the applicable rate of tax provided under the provisions of this subsection to the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed ten million dollars, but in no case shall such corporation's tax liability for any subsequent taxable year exceed the amount of annual franchise tax liability of such corporation for the first full taxable year such corporation was in existence or doing business in Missouri. For taxable years beginning on or after January 1, 2012, the annual franchise tax shall be equal to the percentage rate prescribed in this subsection for the corresponding taxable year of the corporation's outstanding shares and surplus if the outstanding shares and surplus exceed the corresponding minimum threshold amount prescribed as follows:

(1) For tax year 2012, the rate shall be one-thirty-seventh of one percent and the threshold amount shall be ten million dollars;

(2) For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold amount shall be ten million dollars;

(3) For tax year 2014, the rate shall be one-seventy-fifth of one percent and the threshold amount shall be ten million dollars;

(4) For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the threshold amount shall be ten million dollars;

{(5) For tax years beginning on or after January 1, 2016, no annual franchise tax shall be imposed under this section.}

(5) For the tax year 2019, the rate shall be one percent and the threshold amount shall be ten million dollars and shall remain at that rate unless changed through a ballot of the citizens of the state of Missouri. The first quarterly payment will be due on April 15th of 2019.

(6) The annual franchise tax will be to provide revenue for the stressed portions of the Missouri public-school system including pre-kindergarten, elementary and secondary education. The revenue generated from the franchise tax will go to a dedicated fund that will be distributed as listed in 161.020 6. The Missouri budget for elementary and secondary education will not be replaced by this bill. The elementary and secondary education budgets will remain at least equal to a percent of the total budget from general revenue in future years as during the year 2015. Failure of the legislatures to fulfill this obligation will require the shortfall to be filled with funds from the Elected Officials, & General Assembly budget

(7) .All subsections and all clauses of this statute, and the phrases, and the words within them, are severable If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby

Department of elementary and secondary education created--superintendents of schools for deaf and for blind students--appointment.

161.020. 1. There is hereby created a department of elementary and secondary education headed by a state board of education as provided in Article IX, Constitution of Missouri, and chapter 161 and others. The state board shall appoint a commissioner of education as the chief administrative officer of the department.

2. The department of education, chapter 161 and others, is abolished and its powers, duties, personnel and property are transferred as provided in this act*.

3. The division of public schools of the department of education, chapter 161 and others, is abolished and its powers, duties, personnel and property, with exceptions specified elsewhere in this act*, are transferred by type I transfer to the department of elementary and secondary education.

4. The Missouri School for the Deaf, chapter 178 and others, and the Missouri School for the Blind, chapter 178 and others, are transferred to the department of elementary and secondary education by a type I transfer. The commissioner of education shall appoint superintendents for these schools and members of the advisory boards, provided in chapter 178 and others.

5. The commissioner of education that is installed by the state department of health and senior services will set up a separate department to distribute the funds from the franchise tax and shall appoint and shall fix the powers, duties, and compensation that will be responsible for distribution of funds as set out in this fund for distribution of revenue to pre-kindergarten, elementary and secondary education. That director will use those funds to finance changes to Chapter 161, RSMo and Chapter 191, RSMo by this act. The director will act as a liaison between this fund and the state appropriated education expenses to prevent duplication and co-ordinate services. Balances left over will be used to enhance other sections of Chapter 161 as the director sees need.

6. The proceeds from the franchise tax shall be distributed in this order of priority as funds are available:
(1) 161.098. 2 -for bonus pay to retain teachers in destressed areas.
(2) 161.213. section 1 (1), (2), and (6) -will supplement funds for expanding Pre-K and furnishing notebooks. The franchise tax will be only for expanding this section and not for budgeted funds already targeted to this section.
(3) 191.803 section 1, (a) and section 5. -Added benefits for poverty areas, to be added as time and funds are available. Legislature will revisit on sunset date.
(4) 161.650. section 1, (1), (2), (3) may require start-up costs, but should show a long-term savings. Available funds to target start up costs.
(5) Any surplus funds will be transferred to the general budget for state department of health and senior services.

Retention and recruitment of teachers, report required.

161.098. 1. Beginning December 15, 1999, and annually by that date in each following year, the state board of education shall report to the general assembly on the retention and recruitment of teachers in the state's schools. The report shall include, but not be limited to, information on the numbers of teachers entering and leaving employment in the public schools of the state, analysis of the issues affecting teacher recruitment, including the need for identifying African-American and other minority students, including males, who show potential or interest in becoming a teacher, recruiting such students as prospective teachers, and methods for providing financial aid to such students, and suggestions for meeting predicted needs of numbers of teachers and in areas of certification.

2. All school districts with a 15% or more poverty level by using proceeds from the franchise tax will:
(a) Receive a 5% pay raise for teachers financed by the proceeds of the franchise tax. Current pay levels will be maintained by the district with inflation adjusted raises.
(b) After 3 years teaching in the same school district, another 5% will be added to the teacher's pay The raises will be maintained by the franchise tax in future years as long as current pay levels for each school district are maintained adjusted for inflation.
(c) The increased pay will be given as a bonus at the end of the school year. This will be effective the first full school year after implementation of franchise tax.

(L. 1998 S.B. 781 § 161.220)

High-quality early childhood education standards required—rule making authority.

161.213. 1. The department of elementary and secondary education shall develop standards for high-quality early childhood education no later than June 30, 2007. The standards shall be applicable to all public school prekindergarten programs that receive Title I or Missouri preschool project funds.

(1) All school districts to provide Universal Pre-K education for those who will become age 4 by the end of the calendar year. Because of the lengthy preparations, implementation of the Pre-K programs will target completion of all affected districts will be in a four-year period ending 2023.. Districts with the highest poverty level will be implemented first. All children meeting age and residence will be eligible for Universal Pre-K. When Pre-K becomes available, all eligible children will be required to attend Pre-K.

(2) For non-public schools, each student will receive at least 2 ½ hours of instruction. The instructor will be provided by the state and will be travel from one location to another or hold multiple instructions at the same location. This will allow one teacher to attend 2 or more schools to utilize their time for maximum efforts. Computer and on-line teaching aids will be utilized to allow individual learning. Notebooks with learning programs will be allowed to be taken home.

2. Such standards shall include, but not be limited to, the following principles:

(1) Access for all children whose parents or guardians choose to participate;

(2) Focus on cognitive, language, physical, and social/emotional development;

(3) Assessment of needs of children and their families;

(4) Highly qualified and properly certified teachers; and

(5) Delivery of comprehensive services supported by strong and accessible technical assistance and professional development.

(6) Will provide, beginning in the school year of 2019-2020, notebooks or equivalent with learning programs to all children enrolled in public education in all districts having a poverty rate of 10% or more. Every three years the students will receive a current notebook through 6th grade. Discarded notebooks will be used for replacement of lost, stolen or dysfunctional notebooks. Notebooks will be distributed to those beginning in Pre-K. This franchise tax will only pay for notebooks in those districts that have levels of poverty above 15%.

3. In developing such standards, the department shall involve representatives of the business community, parents as teachers, head start, early childhood start, early childhood special education, Missouri preschool project, first steps, Title I preschools, school district personnel, private providers, and faith-based providers.

4. Unless otherwise prohibited by federal law, public school districts shall not be prohibited from charging tuition and related charges for early childhood education programs. Children living in poverty conditions (one hundred eighty-five percent of the federal poverty level) will not be charged.

5. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2006, shall be invalid and void.

(L. 2006 H.B. 1511)

191.803. Boards of education to establish breakfast program — rules — waiver, procedure. — 1. By July 1, 1993, the board of education of each school in this state in which thirty-five percent or more of the students enrolled in the school on October first of the preceding school year were eligible for free or reduced price meals shall establish a school breakfast program.

(a) In school districts with levels of poverty above 15%, schools will provide student care to be available for all students from Pre-K through 6th grade starting at 6 AM for before school and after school care until 6 PM. Breakfast, lunch and an evening meal or snack will be provided at no cost to all students in these areas regardless of income.

2. The department of elementary and secondary education may promulgate rules and regulations necessary for implementation of sections 191.800 to 191.815 in compliance with federal guidelines pursuant to the provisions of 42 U.S.C. 1773.

3. A school shall receive a waiver from the requirements of this section if the school board of the school district by majority vote adopts a resolution requesting a waiver.

4. A school district requesting a waiver must file in writing notification that it has adopted a resolution which excuses the district from the requirements of this section. Such writing shall be filed with the Missouri department of elementary and secondary education. Such a waiver shall be valid for a period of three years.

5. All school districts with a poverty level of 15% or more will have 12-month schooling for Pre-K through 6th grade levels.

(a) All schools from pre-K through senior high will have an arts program, a music program, technical courses and will have chess classes.

(b) In schools with more than 10% minority groups, courses offered will include Bi-lingual and bi-culture classes and one year of secondary level history classes including;

1. one term, Native American,
2. one term, Hispanic,
3. one term European and Asian History
4. one term Black History.

(c) School districts with a poverty level of 15% or more will have staff available to allow after school, weekend and vacation times so that students 6th grade levels and up will have supervised play areas

at school areas. Computer lab and inside access will be available for those with disabilities and on days unfit for outside activity.

Termination 9-01-20

(Section **167.031**, RSMo, states that any parent, guardian or other person having custody or control of a child between the ages of seven (7) and the compulsory attendance age for the district, must ensure that the child is enrolled in and regularly attends public, private, parochial, home school or a combination of schools for the full term of the school year.
The term "compulsory attendance age for the district" shall mean seventeen (17) years of age or having successfully completed sixteen (16) credits towards high school graduation in all other cases (Amish students ruled by Supreme Court to only have 8 years of classes).
Children between the ages of five (5) and seven (7) are not required to be enrolled in school. As Pre-K becomes available, enrollment will be required of all who will be 4 at the end of calendar year. However, if they are enrolled in a public school their parent, guardian or custodian must ensure that they regularly attend.)

(1) All schools, including; Amish, religion associated, homeschooling or other 'for profit', will meet the Missouri test regime, (§160.518, RSMo) which compels the State Board of Education and the Department of Elementary and Secondary Education to annually measure "by grade level a student's knowledge of academic subjects.
(2) Any school that does not provide students that can pass the requirements of §160.518, RSMo for three consecutive years will not be considered filling the obligation of an educational school. Either the school will shut down or the state will take over the administration of the school. The failing school will not fulfil the obligation of being a school that allows a parent or guardian to fulfil the 'The Compulsory Attendance Law':

Department to identify and adopt violence prevention program, district to administer--state board to adopt violence prevention program--duties--administered how--funding.

161.650. 1. The department of elementary and secondary education shall identify and adopt an existing program or programs of educational instruction regarding violence prevention to be administered by public school districts pursuant to subsection 2 of this section, and which shall include, but shall not be limited to, instructing students of the negative consequences, both to the individual and to society at large, of membership in or association with criminal street gangs or participation in criminal street gang activity, as those phrases are defined in section 578.421, and shall include related training for school district employees directly responsible for the education of students concerning violence prevention and early identification of and intervention in violent behavior. The state board of education shall adopt such program or programs by rule as approved for use in Missouri public schools. The program or programs of instruction shall encourage nonviolent conflict resolution of problems facing youth; present alternative constructive activities for the students; encourage community participation in program instruction, including but not limited to parents and law enforcement officials; and shall be administered as appropriate for different grade levels and shall not be offered for academic credit.

(1) Except in extreme instances (court ordered or security threats), no police officer will be on campus with a firearm. Police officers preforming community service will be unarmed. In case of police making an arrest on a school campus, no handcuffs or restraints will be used unless there is danger to others.

(2) SRO (School Resource Officers) will be phased out in all schools. They will be replaced by trained counselors and staff. Each school will have fully trained personnel to address any issues that students may have. Rural areas with smaller school system may share personnel.

(3) To address school suspensions and expulsions and encourage high school graduation, the following procedures will be enacted in all schools:

(a) School administrators will develop a structured process to assess whether a student who makes a threat is likely to carry out that threat. Each school will use "restorative justice practices" instead of or in addition to suspensions or expulsions. If a threat is deemed unlikely, the student will be counseled and/or disciplined, but not suspended.

(b) All teachers will receive training in Positive Behavioral Support (PBS). If surplus monies are available, funds will be allotted to the Missouri Schoolwide Positive Behavior Support (MO SW-PBS).

(c) Beginning immediately as funds are available, a target date of three years having all schools at maximum level for MO SW-PBS objectives.

(3) . Any teacher recommending multiple expulsions will receive "My Teacher Partner Program (MPT)" training. All teachers will receive training in behavior management skills. Teachers with minority students will receive culture training for different ethnic groups

(4) .No student will be segregated for disciplinary reasons without a teacher to keep them current in their education.

2. All public school districts within this state with the approval of the district's board of education may administer the program or programs of student instruction adopted pursuant to subsection 1 of this section to students within the district starting at the kindergarten level and every year thereafter through the twelfth-grade level.

3. Any district adopting and providing a program of instruction pursuant to this section shall be entitled to receive state aid pursuant to section 163.031. If such aid is determined by the department to be insufficient to implement any program or programs adopted by a district pursuant to this section:

(1) The department may fund the program or programs adopted pursuant to this section or pursuant to subsection 2 of section 160.530, or both, after securing any funding available from alternative sources; and

(2) School districts may fund the program or programs from funds received pursuant to subsection 1 of section 160.530.

4. No rule or portion of a rule promulgated pursuant to this section shall become effective unless it has been promulgated pursuant to chapter 536.

(L. 1996 H.B. 1301 & 1298 § 3, A.L. 2000 S.B. 944, A.L. 2010 H.B. 1543)

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

July 13, 2017

RECEIVED
JUL 13 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Rush Loftis regarding a proposed statutory amendment to Chapter 188 (2018-242)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Rush Loftis on July 13, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
JUL 13 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
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6.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do_____ do not_____ (check one) expect to be paid for circulating this petition. If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____ day of _____ A.D. 201___.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

A new section be added to the Revised Statutes of Missouri to be known as section 188.340 and to read as follows:

188.340 1. As used in this section, the following terms shall mean:

(1) "Fertilization", the fusion of a human spermatozoon with a human ovum.

(2) "Premeditated murder", a murder planned in advance and carried out willfully.

(3) "Unborn human", an individual organism of the species homo sapiens from fertilization until live birth.

(4) "Abortion", The Willing use of or prescription of any instrument, medicine, drug, or any other substance or device to intentionally kill an unborn human;

2. This state recognizes that abortion denies the most defenseless persons the same rights, powers, and privileges as are secured or granted by the laws of this state to any other human child.

3. This state recognizes that all persons are created equal and are entitled to equal rights and opportunity under the law.

4.This state recognizes that all persons have a natural right to life including the right to life of every unborn human child at every stage of biological development and shall protect such life from deprivation by the state or private action.

5. On the effective date of this section, no person who lives in this state or has traveled to this state shall perform, procure, or attempt to perform an abortion. No person who lives in this state may perform, procure, or attempt to perform an abortion outside of this state.

6. Any individual who violates the provisions of this section shall be guilty of the offense of premeditated murder and shall be punished in accordance with the penalties for that offense under the law on the effective date of this section.

7. No abortions are permitted in this state. Any current state statutes regarding the regulation of abortions are void on the effective date of this section. It shall be the duty of the Missouri General Assembly to immediately repeal laws that regulate abortion during the next legislative or extraordinary session.

8. No government may deprive any person of life, without due process of law, therefore any federal statute, regulation, executive order, or court decision which purports to supersede, stay, or overrule this Act is in violation of the Missouri Constitution and the Constitution of the United States of America and is therefore void. The State of Missouri and its political subdivisions, and agents thereof, may not enter an appearance, special or otherwise, in any federal suit challenging this Act.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

July 10, 2017

STATE AUDITOR'S OFFICE
RECEIVED
JUL 10 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Michael Dean regarding a proposed statutory amendment to Chapter 130, version 2 (2018-241)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Michael Dean on July 10, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
JUL 10 2017
MO. SECRETARY OF STATE

(OFFICIAL BALLOT TITLE)

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do _____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D 201___

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires _____

Be it enacted by the people of the state of Missouri:

A new section of the Missouri Revised Statutes is hereby enacted, to be known as section 130.130, to read as follows:

130.130. 1 (a): The United States Supreme Court decision in *Citizens United v. Federal Election Commission*, 558 U.S. 310 (2010), and other cases have allowed for the creation of Super PACs and other vehicles for accumulating and spending unlimited amounts of money from undisclosed donors in election campaigns for public office, resulting in unregulated campaign expenditures in unprecedented amounts.

(b). The people of Missouri and the United States of America, and their legislative bodies, must have the authority to regulate political contributions and expenditures to secure our rights as equal citizens, human beings and States in the Republic.

(c). Based on the American values of fair play, leveling the playing field and ensuring that all citizens, regardless of wealth, have an opportunity for their political views to be heard, there is a compelling reason to regulate political spending so that the voices of natural persons are not overwhelmed by corporate spending.

(d). Article IX, Sec. 3 of the Missouri Constitution provides that "The exercise of the police power of the state shall never be surrendered, abridged, or construed to permit corporations to infringe the equal rights of individuals, or the general well-being of the state."

(e). The people of Missouri would benefit from regular updates on the status of such an amendment from the State of Missouri.

2: The People of the State of Missouri request that the Congress of the United States of America propose and send to the states for ratification an amendment to the United States Constitution specifying that the rights in the United State Constitution are rights enjoyed only by natural persons, and that the proposed amendment to the United States Constitution specify that Congress and state legislatures may regulate all moneys raised and spent for political purposes, whether from artificial persons or natural persons, including by prohibiting artificial persons from political spending.

3: At least once per year, until ratification of such an amendment, the Secretary of State shall cause to be posted on the official website of the office an update on the status of such an amendment. The information included in the update shall include, but not be limited to:

(a) whether the amendment has been proposed by Congress or a convention of states, and is thus waiting for ratification by the states;

(b) a list and tally of the states currently calling for any such amendment;

(c) which members of the current Congressional Delegation from the state of Missouri are cosponsors of such amendment proposals in the US Senate and House of Representatives;

(d) the voting history of the current Congressional Delegation on any such amendment proposals; and

(e) any other information regarding the Congressional Delegation with respect to such an amendment proposal.

4: The provisions of this Act shall be severable. If any of the above sections are declared unconstitutional by any court of competent jurisdiction, the unconstitutional paragraph or section shall be severed and the remainder of this Act shall be enforced to the fullest extent permitted by law.

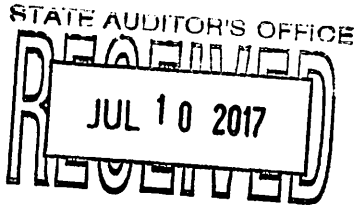
5: This Act shall be effective 90 days following certification of the election results passing this initiative.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

July 10, 2017



The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Michael Dean regarding a proposed statutory amendment to Chapter 130, version 1 (2018-240)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Michael Dean on July 10, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
JUL 10 2017
MO. SECRETARY OF STATE

(OFFICIAL BALLOT TITLE)

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do _____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D 201___

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires _____

Be it enacted by the people of the state of Missouri:

A new section of the Missouri Revised Statutes is hereby enacted, to be known as section 130.130, to read as follows:

Section 1. Policy and Purpose

a. This Act establishes a non-partisan Citizens Commission to examine the extent, nature and impact of unlimited political spending after the Supreme Court's 2010 decision, Citizens United v. Federal Election Commission, and subsequent decisions struck down numerous federal and state campaign finance laws as unconstitutional. The Citizen Commission will educate the public and advance the policy of amending the Constitution of the United States to eliminate the undue influence of concentrated money on elections and governmental policy.

b. It is the intent of this Act that the proposed federal constitutional amendment or amendments that are the subject matter of this Act shall be drafted and construed so as to protect the integrity and fairness of elections and government; prevent corruption; secure the right of all Americans to be represented and to participate in self-government as equal citizens; protect the freedom of speech, of the press and other rights of all Americans; and enable the sound regulation and operation of corporations and other economic entities by the people.

c. To further this intent and advance the constitutional amendment(s) and the policies described herein, an independent, non-partisan Citizens Commission is hereby established for the purpose of reporting and making such recommendations as may be of assistance in drafting, passing and ratifying such constitutional amendment(s).

d. This Act shall be known as the Citizens Commission Concerning a Constitutional Amendment to Secure Free and Fair Elections and Government of the People Act.

Section 2. Establishment of Citizens Commission on Free and Fair Elections

a) This act establishes a Citizens Commission on Free and Fair Elections to advance the policy of the State of Missouri, as set forth in this Act.

b) The People find and declare that the establishment of a non-partisan Citizens Commission as provided herein will ensure prudent consideration of such a constitutional amendment by the Missouri Congressional delegation and by the citizens and the Missouri General Assembly during the ratification process to follow Congressional approval.

c) The Citizens Commission shall research, take testimony, report, and make such recommendations as may be of assistance in drafting, passing, and ratifying such a constitutional amendment.

Section 3. Composition, Appointments, and Deliberative Process

a) The Citizens Commission shall be comprised of 15 United States citizens who are residents of Missouri, and shall be appointed as follows:

i) The Governor shall appoint 3 members;
ii) The Secretary of State shall appoint 3 members;
iii) The Attorney General shall appoint 3 members;
iv) The Speaker of the House shall appoint 3 members; and
v) The President of the Senate shall appoint 3 members.

b) No person shall be appointed to the Citizens Commission who has not publicly applied for such appointment, which applications the Governor shall cause to be posted on a page established for the public knowledge and oversight of the appointment and operation of the Citizens Commission on the official website of the State of Missouri.

c) An application by any citizen who seeks to serve on this Commission shall state:

i) The intent of the applicant to comply with and advance the policy established by this Act;
ii) The applicant's qualifications and interest in serving on the Citizens Commission;
iii) The political party affiliation, if any, of the applicant over the previous 5 years;
iv) The city or town in which the applicant resides;
v) The employment of the applicant, if employed.

d) All applications for service on the Citizens Commission shall be submitted within 60 days of the posting of the appointment opportunity on the official website of the State of Missouri, which posting the Governor shall cause to be made within 30 days of effective date of this Act.

e) All appointments to the Citizens Commission shall be made no sooner than 90 days and no later than 120 days after the effective date of this Act.

f) In making appointments to the Commission, the Governor, Secretary of State, Attorney General, President of the Senate and Speaker of the House of Representatives shall have due regard for the non-partisan nature of the Citizens Commission, and shall seek to ensure that the Citizens Commission reflect a range of geographic, political, and demographic backgrounds.

g) Appointees to the Citizens Commission shall serve without compensation.

h) Members of the Citizens Commission shall elect a chair or co-chairs, in the manner as the members of the Commission may decide by majority vote.

i) The Citizens Commission shall meet on a regular basis to gather evidence, testimony, and advice in the manner that the members of the Commission determine is most conducive to achieving the objectives of this Act, provided however, that the Citizen Commission proceedings and activities shall be subject to the Open Meeting Law and the Public Records Law, and that all residents of Missouri have a reasonable opportunity to offer their views and ideas related to the policies herein to the Commission.

Section 4. Report and Recommendations

a) The Citizens Commission shall issue a Report of Findings and Recommendations, which shall include the following:

   i) The nature and impact of political and election spending in Missouri;
   ii) The limitations, if any, on the legal ability of the State and its citizens to reasonably regulate corporations and other entities due to the Supreme Court's conclusion that corporations may assert Constitutional rights of human beings;
   iii) Recommendations as to the scope and language of one or more constitutional amendment resolutions that would address the problem and policies described herein, and that would be prudent for the State of Missouri to ratify under Article V of the United States Constitution;
   iv) An analysis of the constitutional amendments that have been introduced in Congress to date in response to the Supreme Court's decision in *Citizens United v. FEC*, an assessment of their alignment with the policies and objectives set forth in this Act; and
   v) Recommendations for actions to be taken by Congress, the Missouri General Assembly, the Governor, Secretary of the State, the Attorney General and other public officials and bodies, and citizens of the State of Missouri to further passage and ratification of the recommended constitutional amendment or amendments.

b) The Citizens Commission shall deliver its final Report and Recommendations to the President of the Senate, the Speaker of the House of Representatives, the Governor, the Secretary of the State, the Attorney General and the citizens of Missouri on or before December 31, 2019.

c) Within 5 days of receipt, the Secretary of the State is instructed to deliver the Report and Recommendations of the Citizens Commission to all current members of the Missouri General Assembly, all current members of the United States Congress, and the President of the United States.

d) The Secretary of the State is directed to immediately deliver copies of this law, when enacted, to the following persons: The Governor, the Attorney General, all current members of the Missouri General Assembly, all current members of the United States Congress, and the President of the United States.

e) With the Act, the People hereby request that Congress, the General Assembly of Missouri, the Governor, Secretary of the State, the Attorney General and other public officials and bodies, and citizens of the State of Missouri carefully review the Citizen Commission's findings and take all constitutional and lawful actions to further passage and ratification of the recommended constitutional amendment or amendments.

Section 5. Severability

The several provisions of this Act are independent and severable and the invalidity, if any, of any part or feature thereof shall not affect or render the remainder of the Act invalid or inoperative.

Section 6. Effective Date

This act shall take effect on January 1, 2019

STATE AUDITOR'S OFFICE
RECEIVED
JUN 27 2017

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 27, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article V (2018-239)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on June 27, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

RECEIVED
JUN 27 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article V entitled Judicial Department, is amended by adding one new section to be known as Section 32, to read as follows:

The Supreme Court allows certified paralegals or legal assistants certified by a credited college or university to shadow and work alongside of an attorney at law for a period of three years. Thereafter, the person would be allowed to take a bar exam and if passed will be able to practice law in Missouri and will be accepted by the Supreme Court and the Appeals Courts and all Courts and Tribunals in the state and have the same basic rights to practice law and give legal advice to the People of the state.

STATE AUDITOR'S OFFICE
RECEIVED
JUN 27 2017

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 27, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article IV, Section 36 (2018-238)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on June 27, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

RECEIVED
JUN 27 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Section 36(a) of Article IV of the Constitution of Missouri is amended by modifying Section 36(a). The existing Section 36(a) is set forth hereinafter with the new matter underlined.

Section 36(a). **Economic development, department of - duties of department - director, how appointed.** - The department of economic development shall be in charge of a director appointed by the governor, by and with the advice and consent of the senate. The department shall administer all programs provided by law relating to the promotion of the economy of the state, the economic development of the state, trade and business, technology development and other activities and programs impacting on the economy of the state.

A state sales tax of one tenth of one percent will provide additional money for the State Economic Development Department to be used solely for the promotion and development of "Technology Parks in Missouri. Technology Parks serve as incubators helping create new companies, jobs, and research and development. Cities will be able to apply with the State of Missouri to have certified technology park status. Local counties or cities operating in the state may place voting yes or no on their ballot to seek approval or disapproval of the People.

The one year sales/use tax of one tenth of one percent (referred to above) is hereby levied and imposed upon all sellers for the privilege of selling tangible personal property or rendering taxable services at retail in this state upon the sales and services which now are or hereafter are listed and set forth in, and, except as to the amount of tax, subject to the provisions of and to be collected as provide in the "Sales Tax Law" and subject to the rules and regulations promulgated in connection therewith; the one year sales/use tax of one tenth of one percent is levied and imposed for the privilege of storing, using or consuming within this state any article of tangible personal property as set forth and provided in the "Compensating Use Tax Law" and, except as to the amount of the tax, subject to the provisions of and to be collected as provided in the "Compensating Tax Law" and subject to the rules and regulations promulgated in connection therewith.

Schedule

Section 36(a) amendment. All of the provisions of 36(a) amendment shall be self-enforcing except that the general assembly shall adjust brackets for the collection of the sales and use taxes. The above one tenth of one percent sales/use tax will sunset one year after imposition.

STATE AUDITOR'S OFFICE
RECEIVED
JUN 27 2017

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 27, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article IV, Section 30 (2018-237)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on June 27, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

RECEIVED
JUN 27 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article IV, section 30 of the Missouri Constitution shall be amended to provide for a one-tenth of one-percent sales tax on motor vehicle fuel, the proceeds of which shall be used to develop rail passenger service in Missouri.

STATE AUDITOR'S OFFICE
RECEIVED
JUN 27 2017

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 27, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Steven Reed regarding a proposed constitutional amendment to Article I (2018-236)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Steven Reed on June 27, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

RECEIVED
JUN 27 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____ (Petition Circulator's Printed Name), being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
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15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Street address of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

_____
Address of Notary

Notary Public (Seal)

My commission expires: _____

BE IT RESOLVED BY THE PEOPLE of the state of Missouri that the Constitution be amended:

Article I entitled Bill of Rights, is amended by adding one new section to be known as Section 36, to read as follows:

Section 36. All Missouri Career Center locations will allow the People of Missouri to petition at their public entrances as allowed in the State and Federal Constitutions. The Career Centers are public forums were People discuss employment and jobs and inter act with others by use of computers.

STATE AUDITOR'S OFFICE
RECEIVED
JUN 23 2017

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 23, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Rush Loftis regarding a proposed statutory amendment to Chapter 188 (2018-235)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Rush Loftis on June 23, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
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10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do_____ do not_____ (check one) expect to be paid for circulating this petition. If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____ day of _____ A.D. 201___.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

A new section be added to the Revised Statutes of Missouri to be known as section 188.340 and to read as follows:

188.340 1. As used in this section, the following terms shall mean:

(1) "Fertilization", the fusion of a human spermatozoon with a human ovum.

(2) "Premeditated murder", a murder planned in advance and carried out willfully.

(3) "Unborn human", an individual organism of the species homo sapiens from fertilization until live birth.

(4) "Abortion", The Willing use of or prescription of any instrument, medicine, drug, or any other substance or device to intentionally kill an unborn human;

2. This state recognizes that abortion denies the most defenseless persons the same rights, powers, and privileges as are secured or granted by the laws of this state to any other human child.

3. This state recognizes that all persons are created equal and are entitled to equal rights and opportunity under the law.

4.This state recognizes that all persons have a natural right to life including the right to life of every unborn human child at every stage of biological development and shall protect such life from deprivation by the state or private action.

5. On the effective date of this section, no person who lives in this state or has traveled to this state shall perform, procure, or attempt to perform an abortion. No person who lives in this state may perform, procure, or attempt to perform an abortion outside of this state.

6. Any individual who violates the provisions of this section shall be guilty of the offense of premeditated murder and shall be punished in accordance with the penalties for that offense under the law on the effective date of this section.

7. No abortions are permitted in this state. Any current state statutes regarding the regulation of abortions are void on the effective date of this section. It shall be the duty of the Missouri General Assembly to immediately repeal laws that regulate abortion during the next legislative or extraordinary session.

8. No government may deprive any person of life, without due process of law, therefore any federal statute, regulation, executive order, or court decision which purports to supersede, stay, or overrule this Act is in violation of the Missouri Constitution and the Constitution of the United States of America and is therefore void. The State of Missouri and its political subdivisions, and agents thereof, may not enter an appearance, special or otherwise, in any federal suit challenging this Act.

STATE AUDITOR'S OFFICE
RECEIVED
JUN 16 2017

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 16, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed constitutional amendment to the Missouri Constitution (2018-234)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Gerald Peterson on June 16, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVE
JUN 16 2017
MO. SECRETARY OF STATE

"Be it resolved by the people of the state of Missouri that the Constitution be amended:"
The State of MO will levy *a one and one-half percent (1.5) tax on the GSP* (Missouri Gross State Product) of the private sector with a GSP greater than 5 million dollars.

The one percent portion of the levy will be used to enhance stressed portions of the public-school system *including pre-kindergarten, elementary and secondary education.*

The one half of one percent (.5) of the revenue from the GSP will go a separate budget for *improving higher education.*

All school districts with a 15% or more poverty level using proceeds from the levy will:

- receive a 10% pay raise for teachers financed by the proceeds of the levy. Current pay levels will be maintained by the district with inflation adjusted raises. After 3 years in the same school district, another 5% will be added. The 10% raise will be maintained by the levy in future years as long as current pay levels are maintained by the district adjusted for inflation. The increased pay will be given as a bonus at the end of the school year. This will be effective the first full school year after implementation of levy.
- Will provide, beginning in the school year of 2019-2020, notebooks or equivalent to all children enrolled in public education in these districts. Every three years the students will receive a current notebook. Notebooks will be distributed to those beginning in Pre-K. This levy will only pay for notebooks in those districts that have levels of poverty above 15%.
- Gifted students from rural areas that do not have access to suitable education opportunities, will be afforded opportunities to attend summer classes. These classes will be set up at the MU campus and will utilize experienced instructors. The classes will be free to the student. Utilizing vacant housing because of the summer session, housing will be available for free to the student along with a guardian. A transportation allowance and meal expense will be furnished to the student and guardian. This will be available summer of 2020.

The levy will fund all school districts to provide Universal Pre-K education for those who will become age 4 by the end of the calendar year. Because of the lengthy preparations, implementation of the following programs will target completion of all affected districts in a four-year program. Districts with the highest poverty level will be implemented first. All children meeting age and residence will be eligible for Universal Pre-K. When Pre-K becomes available, all eligible children will be required to attend Pre-K.

- Each student will receive at least 2 ½ hours of instruction. This will allow one teacher to attend 2 or more schools to utilize their time for maximum efforts. Computer and on-line teaching aids will be utilized to allow individual learning. Notebooks will be allowed to be taken home.
- If schools do not have space available to school Pre-K students, teachers may go to other public centers where children of this age group are and provide the 2 ½ hours of instruction. By the school year, 2022, all schools will provide Pre-K space.
- In school districts with levels of poverty above 15%, schools will provide student care to be available for all students from Pre-K through 6th grade starting at 6 AM for before school and after school care until 6 PM. Breakfast, lunch and an evening meal will be provided at no cost to all students in these areas regardless of income.

- All school districts with a poverty level of 15% or more will have 12-month schooling for Pre-K through 6th grade levels.
- All schools from pre-K through senior high will have an arts program, a music program, technical courses and will have chess classes.
- In schools with More than 10% minority groups, courses offered will include Bi-lingual and bi-culture classes and one year of secondary level history classes including;
  1. one term, Native American,
  2. one term, Hispanic,
  3. one term European and Asian History
  4. one term Black History.

- Any enlargement of sports activities will be in an area that addresses those less inclined to exercise or with physical handicaps. Pre-K through 6th grade schools will have equipment to encourage physical activity including activities such as ping pong, badminton, whiffle ball, or other minimal impact, low effort, limited skill games.

- School districts with a poverty level of 15% or more will have staff available to allow after school, weekend and vacation times so that students 6th grade levels and up will have supervised play areas at school areas. Computer lab and inside access will be available for those with disabilities and on days unfit for outside activity.

As monies are available, funds will be allotted to the Missouri Schoolwide Positive Behavior Support (MO SW-PBS). Beginning immediately as funds are available, a target date of three years having all schools at maximum level for MO SW-PBS objectives.

- Magnet schools will be established in school districts with minority groups that exceed 40% of the student enrollment. Sufficient magnet schools will be established in these districts to have extra room for 30% of students from adjoining districts. Students from adjoining districts will be afforded transportation to the magnet schools. This will encourage diverse cultures to attend low income schools.

Except in extreme instances (court ordered or security threats), no police officer will be on campus with a firearm. Police officers preforming community service will be unarmed. In case of police making an arrest on a school campus, no handcuffs or restraints will be used unless there is danger to others.

SRO (School Resource Officers) will be phased out in all schools. They will be replaced by trained counselors and staff. Each school will have fully trained personnel to address any issues that students may have. Rural areas with smaller school system may share personnel.

To address school suspensions and expulsions and encourage high school graduation, the following procedures will be enacted in all schools:

School administrators will develop a structured process to assess whether a student who makes a threat is likely to carry out that threat. Each school will use "restorative justice practices" instead of or in addition to suspensions or expulsions. If a threat is deemed

unlikely, the student will be counseled and/or disciplined, but not suspended. All teachers will receive training in Positive Behavioral Support (PBS)

Any teacher recommending multiple expulsions will receive "My Teacher Partner Program (MPT)" training. All teachers will receive training in behavior management skills. Teachers with minority students will receive culture training for different ethnic groups

No student will be segregated for disciplinary reasons without a teacher to keep them current in their education.

All schools, including; Amish, religion associated, homeschooling or other 'for profit', will meet the Missouri test regime, (§160.518, RSMo) which compels the State Board of Education and the Department of Elementary and Secondary Education to annually measure "by grade level a student's knowledge of academic subjects. All schools will employ teachers with a state recognized BA or BS degree.
Any school that does not provide students that can pass the requirements of §160.518, RSMo for three consecutive years will not be considered filling the obligation of an educational school. Either the school will shut down or the state will take over the administration of the school. The school will not fulfil the obligation being a school that allows a parent or guardian to fulfil the 'The Compulsory Attendance Law':

(Section **167.031**, RSMo, states that any parent, guardian or other person having custody or control of a child between the ages of seven (7) and the compulsory attendance age for the district, must ensure that the child is enrolled in and regularly attends public, private, parochial, home school or a combination of schools for the full term of the school year.

- The term "compulsory attendance age for the district" shall mean seventeen (17) years of age or having successfully completed sixteen (16) credits towards high school graduation in all other cases.
- Children between the ages of five (5) and seven (7) are not required to be enrolled in school. However, if they are enrolled in a public school their parent, guardian or custodian must ensure that they regularly attend.)

To ensure that this levy is not used to replace the current educational budgets from the general revenue, the state of MO will be required to maintain a budget at a current basis. This 'current basis' for school financing by the state of MO will be equal to the state appropriations per full-time student of the school year 2001 inflation-adjusted (as measured by the Consumer Price Index). At any time that this education budget is not appropriated to meet this basis, the deficit will be drawn from the Elected Officials budget to fulfill this obligation.

The one half of one percent (.5) of the revenue from the GSP will go to state higher education. Beginning with the fall semester of 2019 utilization of this revenue, the higher education schools (state colleges and universities):

- Will begin the process of restoring full time instructors and tenured professors. In a three-year period, this restoration will proceed to restore the status of per student relationships to full time instructors and tenured professors equal to the year 1976.
- The wages and salaries for instructors and professors will be adjusted to at least equal those paid in 1976 (as measured by the Consumer Price Index). This additional

income from the levy will not replace current budgeted expenses from the state, but will be given to the school to make wages as adjusted.

- Current budgeted expenses for instructors from the state will remain at the level per student as of 2001 as adjusted for CPI.
- At least one university will have a graduate program in sustainable agriculture financed by the levy.
- The levy will pay for summer gifted student classes.
- All state colleges and universities will have expanded courses to supply needed counselors and support staff to fill needed spots in Pre-K through senior high for enacting MO SW-PBS and MPT. These courses will be in co-ordination with the federal government's National Technical Assistance Center on Positive Behavioral Intervention and Supports.

The levy will be based on the previous year. The first quarterly payment will be due on April 15th of 2019. This will allow training and implementation of the programs for the fall school season.

The programs listed will begin to be implemented at the first of the fall session, 2019. This will give the state time to set up training for the areas covered. All the procedures listed are currently in use at several school systems across the United States. In addition, there are different organizations, non-profit and for profit, that can be contacted for proven procedures. In addition, the state will apply for grants available to implement these procedures. The federal government will be a source both for information and grants.

A director will be hired to manage this endeavor. The director will act as a liaison between this fund and the state appropriated education expenses to prevent duplication and co-ordinate services. The revenue generated by this bill will be distributed by a commission set up for that purpose. The revenues will be kept separate from the state budget. School districts receiving monies will be responsible for accounting for their use to ensure used as directed.

Eight representatives will be hired to represent 8 districts. Each district will be a Congressional District. Each representative will have at least a Master's Degree in an education related subject. Each representative will have lived and taught in the district they represent for at least 3 years, preferably in a stressed school.

Each representative will be responsible for assessing the needs to be supplied by this bill for their district. They will act as an overseer and liaison for the schools in their district. All support personnel will be furnished by the levy.

The representatives will be responsible for presenting the needs of their district and working with the other representatives and the director to make a budget once a year with allowances for each district.

Any surplus funds not used to implement the listed programs will be available for 'education' scholarships for minority students from districts with minority students.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 12, 2017

STATE AUDITOR'S OFFICE
RECEIVED
JUN 12 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed constitutional amendment to the Missouri Constitution (2018-233)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Gerald Peterson on June 12, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

RECEIVED
JUN 12 2017
MO SECRETARY OF STATE

"Be it resolved by the people of the state of Missouri that the Constitution be amended:"

To increase medical care of Missouri residents through Federal Medicaid Expansion, Planned Parenthood and birth control procedures.

The cost to the state of expanding medical coverage will be borne by the hospitals in the state of Missouri.

All hospitals in MO will be accessed a fee to pay for the expense of this expansion. Each hospital will pay a share equal to the number of patients admitted at their hospital. The fee paid will be equal to the percentage of patient admittance of each hospital of the total MO visits. Each admittance will count separately even though it is a re-admittance. Hospitals will begin quarterly payments on April 1, 2019. Assessment will be made based on the previous year and adjustments for new assessments will begin on the first of April of each year. Hospitals will make quarterly payments to the state of MO into a fund that will only be used for the full Federal Medicaid Expansion, Planned Parenthood and birth control for residents of Missouri.

Missouri will accept the full federal program of Medicaid Expansion. These funds generated by the hospitals will be used to pay for the cost to the state for Medicaid expansion. Missouri will make immediate application and if fees for implementation have not occurred from the hospitals on implementation, the state will borrow from reserve funds to expedite enrollment. These funds will be paid back upon receipt of funds beginning on April 1, 2019.

If at any time funding for Planned Parenthood by the federal government is discontinued or if it has already been discontinued at the passage of this amendment, the hospital levy will be increased enough to replace the federal funding of Planned Parenthood to a level at least equal to that of 2015 adjusted for inflation. The state of MO will continue its funding of Planned Parenthood at a level at least equal to 2015 adjusted for inflation and if by the time this measure is accepted, the state of MO has stopped funding Planned Parenthood, the state will begin funding Planned Parenthood again at a level equal to 2015 inflation-adjusted.

Birth control and family planning covered by this bill which will begin on April 1, 2019:

Birth control pills, Patches (like the OrthoEvra Patch), Vaginal rings (like the NuvaRing) Injections (like the Depo shot), Implants (like Implanon), Intrauterine devices (IUDs – like Mirena or Paragard), Emergency birth control ("the morning-after pill"), Diaphragms, Condoms, Surgical sterilization for clients 21 years old and older (like vasectomies or tubal ligation's, including the Essure procedure) or any future approved medical procedures.

There will be no cost for family planning services, including office visits and drugs/devices to the patient. The patient will not have to pay a co-payment for family planning services. The patient can go to any health provider who offers family planning services such as:

an ob/gyn or gynecologist, a certified nurse-midwife, a nurse practitioner or other advanced practice nurse, a family planning clinic, your regular doctor or primary care provider or Planned Parenthood. The patient may see 'out of network' doctors as the state will be billed directly covering the costs.

The patient does not need a referral from their primary care provider to receive family planning services. They may choose to see any family planning provider or doctor even if they are in a managed care plan provider plan. The patient may see 'out-of-network' providers as the state will be covering the costs. Birth control and family planning will be available to all MO women and male residents 13 years of age and over with proof of age and residence. Applications for birth control and family planning will not need permission from family, spouses or guardians. Confidentially will be ensured at all levels.

Payments for family planning and birth control will be made by the state from funding of this measure directly to the provider without the recipient having any costs.

Any savings to the state from Medicaid expansion that is not used for family planning and birth control will go toward the reduction of the levy on hospitals that this bill mandates.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

June 8, 2017

RECEIVED
JUN 0 8 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Gerald Peterson regarding a proposed constitutional amendment to the Missouri Constitution (2018-232)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Gerald Peterson on June 8, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

"Be it resolved by the people of the state of Missouri that the Constitution be amended:"
To increase medical care of Missouri residents through Federal Medicaid Expansion, Planned Parenthood and birth control procedures.

The cost to the state of expanding medical coverage will be borne by the hospitals in the state of Missouri.

All hospitals in MO will be accessed a fee to pay for the expense of this expansion. Each hospital will pay a share equal to the number of patients admitted at their hospital. The fee paid will be equal to the percentage of patient admittance of each hospital of the total MO visits. Each admittance will count separately even though it is a re-admittance. Hospitals will begin quarterly payments on April 1, 2019. Assessment will be made based on the previous year and adjustments for new assessments will begin on the first of April of each year. Hospitals will make quarterly payments to the state of MO into a fund that will only be used for the full Federal Medicaid Expansion, Planned Parenthood and birth control for residents of Missouri.

Missouri will accept the full federal program of Medicaid Expansion. These funds generated by the hospitals will be used to pay for the cost to the state for Medicaid expansion. Missouri will make immediate application and if fees for implementation have not occurred from the hospitals on implementation, the state will borrow from reserve funds to expedite enrollment. These funds will be paid back upon receipt of funds beginning on April 1, 2019.

If at any time funding for Planned Parenthood by the federal government is discontinued or if it has already been discontinued at the passage of this amendment, the hospital levy will be increased enough to replace the federal funding of Planned Parenthood to a level at least equal to that of 2015 adjusted for inflation. The state of MO will continue its funding of Planned Parenthood at a level at least equal to 2015 adjusted for inflation and if by the time this measure is accepted, the state of MO has stopped funding Planned Parenthood, the state will begin funding Planned Parenthood again at a level equal to 2015 inflation-adjusted.

Birth control and family planning covered by this bill which will begin on April 1, 2019:

Birth control pills, Patches (like the OrthoEvra Patch), Vaginal rings (like the NuvaRing) Injections (like the Depo shot), Implants (like Implanon), Intrauterine devices (IUDs – like Mirena or Paragard), Emergency birth control ("the morning-after pill"), Diaphragms, Condoms, Surgical sterilization for clients 21 years old and older (like vasectomies or tubal ligation's, including the Essure procedure) or any future approved medical procedures.

There will be no cost for family planning services, including office visits and drugs/devices to the patient. The patient will not have to pay a co-payment for family planning services. The patient can go to any health provider who offers family planning services such as:

an ob/gyn or gynecologist, a certified nurse-midwife, a nurse practitioner or other advanced practice nurse, a family planning clinic, your regular doctor or primary care provider or Planned Parenthood. The patient may see 'out of network' doctors as the state will be billed directly covering the costs.

The patient does not need a referral from their primary care provider to receive family planning services. They may choose to see any family planning provider or doctor even if they are in a managed care plan provider plan. The patient may see 'out-of-network' providers as the state will be covering the costs. Birth control and family planning will be available to all MO women and male residents 13 years of age and over with proof of age and residence. Applications for birth control and family planning will not need permission from family, spouses or guardians. Confidentially will be ensured at all levels.

Payments for family planning and birth control will be made by the state from funding of this measure directly to the provider without the recipient having any costs.

Any savings to the state from Medicaid expansion that is not used for family planning and birth control will go toward the reduction of the levy on hospitals that this bill mandates.

RECEIVED
JUN 08 2017
MO. SECRETARY OF STATE

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
MAY 26 2017
STATE AUDITORS OFFICE

May 26, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV (2018-231)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on May 26, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
MAY 26 2017
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, no P.O boxes)	(City, Town orVillage)	ZIP CODE	CONG R. DIST	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

Subscribed and sworn to before me this ..... day of .....,
A.D.....

.....
Address of Affiant

.....
Signature of Notary

Notary Public (Seal)
My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c, 195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Cannabis Treatment Amendment

2. Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof. This Amendment shall apply to all rsmo mentioning marijuana.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

e)"establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

f) "dispensary" refers to a facility where medicine are prepared and provided.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.

a) Possession and consumption for cannabis for medical treatment with a doctor's recommendation.

b) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for the purpose of supplying cannabis to patients, care givers, and medical dispensaries.

4. The Missouri legislature may pass laws that doesn't conflict with this amendment. Medical cannabis, commonly known as marijuana, shall be available to patients who with a doctor's recommendation and Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section two; clause a of this amendment, shall be available with a doctor's recommendation. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture:

a) All Missouri patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

f) Primary caregiver shall not be subjected to criminal or civil charges for providing cannabis to patients who been given a doctor's a medical professional.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

6. Medical dispensaries shall verify the following:

a) The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.

b) If, primary caregiver, the dispensary verifies the patient and the primary caregiver.

c) The patient's 9 digit random alphabet. Dispensaries my issue a random alphabet after verifying the Doctor's Recommendation.

d) Retail cannabis products for medical use shall contain appropriate labeling, which outlines the weight and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis. Labels shall not be false or misleading, and should be based on data derived from scientific study and prevailing human experience

7. The Department of Health and Senior Services shall issue 9 digit random alphabet out to patients and keep records of the alphabet on a state wide registry. The registry is to verify it's a patient and it shall not be subjected to Sunshine request under rsmo chapter 610. No law enforcement agency my access the list without a warrant. Law enforcement agencies my only view a printed list but not electronically. Dispensaries shall the Register with the the Department of Health and Senior Services for:

a) licensing and regulations b) paying registration fees c) to assist with the 9 digit random alphabet registry.

8. Upon the passage of this Act, individuals incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court even if such offense wasn't related to medical treatment. This shall not apply to individuals convicted of convicted of offenses other then nonviolent, cannabis related offenses. Within 120 days of of the passages of this Act, the Attorney General shall develop and make available to the public legal documents ordering destruction of nonviolent, cannabis related civil and criminal offenses records committed prior to the passage of this Act.

9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.

11. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

12. A 4 % excise tax shall apply to the retail sell of cannabis from the dispensaries. The excise tax shall be used in the following:

a) 1 % of the excise tax be dedicated to a new trust fund called the Veterans Health Fund for the purpose of funding health services for Missouri veterans

b) 3 % of the excise tax shall be dedicated to a new trust fund called Show the Me Health Access Fund. The purpose of this trust fund is to subsidize primary care doctor visits, dental visits, and ophthalmology and vision services for Missourians in poverty.

RECEIVED
MAY 25 2017
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

May 25, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV (2018-230)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on May 25, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
MAY 25 2017
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

	Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, no P.O boxes)	(City, Town orVillage)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of .....,
A.D.....

.....
Signature of Notary

.....
Address of Notary .

Notary Public (Seal)
My commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c, 195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

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b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

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e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

f) Primary caregiver shall not be subjected to criminal or civil charges for providing cannabis to patients who been given a doctor's a medical professional.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

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a) licensing and regulations b) paying registration fees c) to assist with the 9 digit random alphabet registry.

8. Upon the passage of this Act, individuals incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court even if such offense wasn't related to medical treatment. This shall not apply to individuals convicted of convicted of offenses other then nonviolent, cannabis related offenses. Within 120 days of of the passages of this Act, the Attorney General shall develop and make available to the public legal documents ordering destruction of nonviolent, cannabis related civil and criminal offenses records committed prior to the passage of this Act.

9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.

11. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

12. A 4 % excise tax shall apply to the retail sell of cannabis from the dispensaries. The excise tax shall be used in the following:

a) 1 % of the excise tax be dedicated to a new trust fund called the Veterans Health Fund for the purpose of funding health services for Missouri veterans

b) 3 % of the excise tax shall be dedicated to a new trust fund called Show the Me Health Access Fund. The purpose of this trust fund is to subsidize primary care doctor visits, dental visits, and ophthalmology and vision services for Missourians in poverty.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

May 24, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
MAY 24 2017
STATE AUDITORS OFFICE

RE: Petition approval request from Damien Johnson regarding a proposed statutory amendment to Chapter 115 (2018-229)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Damien Johnson on May 24, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
MAY 24 2017
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

	Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, No P.O Boxes)	(City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of .....,
A.D.....

.....
Signature of Notary

Notary Public (Seal) .....
My commission expires.....

.....
Address of Notary .

Be it enacted by the people of the state of Missouri

Section 115.427. is amended by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

115.427. 1. Persons seeking to vote in a public election shall establish their identity and eligibility to vote at the polling place by presenting a form of personal identification to election officials. No form of personal identification other than the forms listed in this section shall be accepted to establish a voter's qualifications to vote. Forms of personal identification that satisfy the requirements of this section are any one of the following:

(1) Nonexpired Missouri driver's license;

(2) Nonexpired or nonexpiring Missouri nondriver's license;

(3) A document that satisfies all of the following requirements:

(a) The document contains the name of the individual to whom the document was issued, and the name substantially conforms to the most recent signature in the individual's voter registration record;

(b) The document shows a photograph of the individual;

(c) Except form an accredited institution of higher education, [T]the document includes an expiration date, and the document is not expired, or, if expired, the document expired after the date of the most recent general election; and

(d) The document was issued by the United States, an accredited institution of higher education, or the state of Missouri; or

(4) Any identification containing a photograph of the individual which is issued by the Missouri National Guard, the United States Armed Forces, or the United States Department of Veteran Affairs to a member or former member of the Missouri National Guard or the United States Armed Forces and that is not expired or does not have an expiration date[.];

(5) A picture identification issued by the state of Missouri, an agency of the state, or a local election authority of the state;

(6) A identification issued by the United States government or agency thereof;

2. (1) An individual who appears at a polling place without a form of personal identification described in subsection 1 of this section and who is otherwise qualified to vote at that polling place may execute a statement, under penalty of perjury, averring that the individual is the person listed in the precinct register; averring that the individual does not possess a form of personal identification described in subsection 1 of this section; acknowledging that the individual is eligible to receive a Missouri nondriver's license free of charge if desiring it in order to vote; and acknowledging that the individual is required to present a form of personal identification, as described in subsection 1 of this section, in order to vote. Such statement shall be executed and sworn to before the election official receiving the statement. Upon executing such statement, the individual may cast a regular ballot, provided such individual presents one of the following forms of identification:

(a) non-picture Identification issued by the state of Missouri, an agency of the state, or a local election authority of the state;

[(b) Identification issued by the United States government or agency thereof;]

[(c) Identification issued by an institution of higher education, including a university, college, vocational and technical school, located within the state of Missouri;]

[(d)](b) A copy of a current utility bill, bank statement, government check, paycheck, or other government document that contains the name and address of the individual;

[(e)](c) Other identification approved by the secretary of state under rules promulgated pursuant to this section.

(2) For any individual who appears at a polling place without a form of personal identification described in subsection 1 of this section and who is otherwise qualified to vote at that polling place, the election authority may take a picture of such individual and keep it as part of that individual's voter registration file at the election authority.

(3) Any individual who chooses not to execute the statement described in subdivision (1) of this subsection may cast a provisional ballot. Such provisional ballot shall be counted, provided that it meets the requirements of subsection 4 of this section.

(4) For the purposes of this section, the term "election official" shall include any person working under the authority of the election authority.

3. The statement to be used for voting under subdivision (1) of subsection 2 of this section shall be substantially in the following form:

"State of .....

County of .....

I do solemnly swear (or affirm) that my name is .....; that I reside at .....; that I am the person listed in the precinct register under this name and at this address; and that, under penalty of perjury, I do not possess a form of personal identification approved for voting. As a person who does not possess a form of personal identification approved for voting, I acknowledge that I am eligible to receive free of charge a Missouri nondriver's license at any fee office if desiring it in order to vote. I furthermore acknowledge that I am required to present a form of personal identification, as prescribed by law, in order to vote.

I understand that knowingly providing false information is a violation of law and subjects me to possible criminal prosecution.

.....

Signature of voter

Subscribed and affirmed before me this ..... day of ....., 20....

.....

Signature of election official"

4. A voter shall be allowed to cast a provisional ballot under section 115.430 even if the election judges cannot establish the voter's identity under this section. The election judges shall make a notation on the provisional ballot envelope to indicate that the voter's identity was not verified. The provisional ballot cast by such voter shall not be counted unless:

(1) (a) The voter returns to the polling place during the uniform polling hours established by section115.407 and provides a form of personal identification that allows the election judges to verify the voter's identity as provided in subsection 1 of this section; or

(b) The election authority verifies the identity of the individual by comparing that individual's signature to the signature on file with the election authority and determines that the individual was eligible to cast a ballot at the polling place where the ballot was cast; and

(2) The provisional ballot otherwise qualifies to be counted under section 115.430

5. The secretary of state shall provide advance notice of the personal identification requirements of subsection 1 of this section in a manner calculated to inform the public generally of the requirement for forms of personal identification as provided in this section. Such advance notice shall include, at a minimum, the use of advertisements and public service announcements in print, broadcast television, radio, and cable television media, as well as the posting of information on the opening pages of the official state internet websites of the secretary of state and governor.

6. (1) Notwithstanding the provisions of section 136.055 and section 302.181 to the contrary, the state and all fee offices shall provide one nondriver's license at no cost to any otherwise qualified voter who does not already possess such identification and who desires the identification in order to vote.

(2) This state and its agencies shall provide one copy of each of the following, free of charge, if needed by an individual seeking to obtain a form of personal identification described in subsection 1 of this section in order to vote:

(a) A birth certificate;

(b) A marriage license or certificate;

(c) A divorce decree;

(d) A certificate of decree of adoption;

(e) A court order changing the person's name;

(f) A Social Security card reflecting an updated name; and

(g) Naturalization papers or other documents from the United States Department of State proving citizenship.

Any individual seeking one of the above documents in order to obtain a form of personal identification described in subsection 1 of this section in order to vote may request the secretary of state to facilitate the acquisition of such documents. The secretary of state shall pay any fee or fees charged by another state or its agencies, or any court of competent jurisdiction in this state or any other state, or the federal government or its agencies, in order to obtain any of the above documents from such state or the federal government.

(3) All costs associated with the implementation of this section shall be reimbursed from the general revenue of this state by an appropriation for that purpose. If there is not a sufficient appropriation of state funds, then the personal identification requirements of subsection 1 of this section shall not be enforced.

(4) Any applicant who requests a nondriver's license for the purpose of voting shall not be required to pay a fee if the applicant executes a statement, under penalty of perjury, averring that the applicant does not have any other form of personal identification that meets the requirements of this section. The state of Missouri shall pay the legally required fees for any such applicant. The director of the department of revenue shall design a statement to be used for this purpose. The total cost associated with nondriver's license photo identification under this subsection shall be borne by the state of Missouri from funds appropriated to the department of revenue for that specific purpose. The department of revenue and a local election authority may enter into a contract that allows the local election authority to assist the department in issuing nondriver's license photo identifications.

7. The director of the department of revenue shall, by January first of each year, prepare and deliver to each member of the general assembly a report documenting the number of individuals who have requested and received a nondriver's license photo identification for the purposes of voting under this section. The report shall also include the number of persons requesting a nondriver's license for purposes of voting under this section, but not receiving such license, and the reason for the denial of the nondriver's license.

8. The precinct register shall serve as the voter identification certificate. The following form shall be printed at the top of each page of the precinct register:

VOTER'S IDENTIFICATION CERTIFICATE

Warning: It is against the law for anyone to vote, or attempt to vote, without having a lawful right to vote.

PRECINCT

WARD OR TOWNSHIP .....

GENERAL (SPECIAL, PRIMARY) ELECTION

Held ....., 20....

Date

I hereby certify that I am qualified to vote at this election by signing my name and verifying my address by signing my initials next to my address.

9. The secretary of state shall promulgate rules to effectuate the provisions of this section.

10. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2002, shall be invalid and void.

11. If any voter is unable to sign his name at the appropriate place on the certificate or computer printout, an election judge shall print the name and address of the voter in the appropriate place on the precinct register, the voter shall make his mark in lieu of signature, and the voter's mark shall be witnessed by the signature of an election judge.

12. This section [shall] became [become] effective [only] upon the passage and approval by the voters of a constitutional amendment submitted to them by the general assembly regarding the authorization of photo identification requirements for elections by general law. Future Amendments to this section shall become effective immediately. [If such constitutional amendment is approved by the voters, this section shall become effective June 1, 2017.]

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

May 24, 2017

RECEIVED
MAY 24 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, version 2 (2018-228)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on May 24, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
MAY 24 2017
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

	Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, no P.O boxes)	(City, Town orVillage)	ZIP CODE	CONG.R. DIST	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of .....,
A.D.....

.....
Signature of Notary

.....
Address of Notary .

Notary Public (Seal)
My commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c, 195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Cannabis Treatment Amendment

2. Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof. This Amendment shall apply to all rsmo mentioning marijuana.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

e)"establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

f) "dispensary" refers to a facility where medicine are prepared and provided.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.

a) Possession and consumption for cannabis for medical treatment with a doctor's recommendation.

b) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for the purpose of supplying cannabis to patients, care givers, and medical dispensaries.

4. The Missouri legislature may pass laws that doesn't conflict with this amendment. Medical cannabis, commonly known as marijuana, shall be available to patients who with a doctor's recommendation and Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section two; clause a of this amendment, shall be available with a doctor's recommendation. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture:

a) All Missouri patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

f) Primary caregiver shall not be subjected to criminal or civil charges for providing cannabis to patients who been given a doctor's a medical professional.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

6. Medical dispensaries shall verify the following:

a) The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.

b) If, primary caregiver, the dispensary verifies the patient and the primary caregiver.

c) The patient's 9 digit random alphabet. Dispensaries my issue a random alphabet after verifying the Doctor's Recommendation.

d) Retail cannabis products for medical use shall contain appropriate labeling, which outlines the weight and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis. Labels shall not be false or misleading, and should be based on data derived from scientific study and prevailing human experience

7. The Department of Health and Senior Services shall issue 9 digit random alphabet out to patients and keep records of the alphabet on a state wide registry. The registry is to verify it's a patient and it shall not be subjected to Sunshine request under rsmo chapter 610. No law enforcement agency my access the list without a warrant. Law enforcement agencies my only view a printed list but not electronically. Dispensaries shall the Register with the the Department of Health and Senior Services for:

a) licensing and regulations b) paying registration fees c) to assist with the 9 digit random alphabet registry.

8. Upon the passage of this Act, individuals incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court even if such offense wasn't related to medical treatment. This shall not apply to individuals convicted of convicted of offenses other then nonviolent, cannabis related offenses. Within 120 days of of the passages of this Act, the Attorney General shall develop and make available to the public legal documents ordering destruction of nonviolent, cannabis related civil and criminal offenses records committed prior to the passage of this Act.

9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.

11. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

12. A 4 % excise tax shall apply to the retail sell of cannabis from the dispensaries. The excise tax shall be used in the following:

a) 1 % of the excise tax be dedicated to a new trust fund called Veterans Health Fund for the purpose of funding health services for Missouri veterans

b) 3 % of the excise tax shall be dedicated to a new trust fund called Show Me Health Access Fund. The purpose of this trust fund is to subsidize primary care doctor visit, dentist, and ophthalmology and vision services for Missourians in poverty.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

May 24, 2017

RECEIVED
MAY 24 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, version 1 (2018-227)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on May 24, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
MAY 24 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, no P.O boxes)	(City, Town orVillage)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of .....,
A.D.....

.....
Signature of Notary

.....
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Notary Public (Seal)
My commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c, 195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

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b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

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f) Primary caregiver shall not be subjected to criminal or civil charges for providing cannabis to patients who been given a doctor's a medical professional.

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a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

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a) licensing and regulations b) paying registration fees c) to assist with the 9 digit random alphabet registry.

8. Upon the passage of this Act, individuals incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court even if such offense wasn't related to medical treatment. This shall not apply to individuals convicted of convicted of offenses other then nonviolent, cannabis related offenses. Within 120 days of of the passages of this Act, the Attorney General shall develop and make available to the public legal documents ordering destruction of nonviolent, cannabis related civil and criminal offenses records committed prior to the passage of this Act.

9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.

11. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

May 2, 2017

RECEIVED
MAY 0 2 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed statutory amendment to Chapter 115 (2018-226)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Damien Johnson on May 2, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
MAY 02 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, No P.O Boxes)	(City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of .....,
A.D.....

.....
Signature of Notary

Notary Public (Seal) .....
My commission expires.....

.....
Address of Notary .

Be it enacted by the people of the state of Missouri

Section 115.427. is amended by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

115.427. 1. Persons seeking to vote in a public election shall establish their identity and eligibility to vote at the polling place by presenting a form of personal identification to election officials. No form of personal identification other than the forms listed in this section shall be accepted to establish a voter's qualifications to vote. Forms of personal identification that satisfy the requirements of this section are any one of the following:

(1) Nonexpired Missouri driver's license;

(2) Nonexpired or nonexpiring Missouri nondriver's license;

(3) A document that satisfies all of the following requirements:

(a) The document contains the name of the individual to whom the document was issued, and the name substantially conforms to the most recent signature in the individual's voter registration record;

(b) The document shows a photograph of the individual;

(c) Except form an accredited institution of higher education, [T]the document includes an expiration date, and the document is not expired, or, if expired, the document expired after the date of the most recent general election; and

(d) The document was issued by the United States, an accredited institution of higher education, or the state of Missouri; or

(4) Any identification containing a photograph of the individual which is issued by the Missouri National Guard, the United States Armed Forces, or the United States Department of Veteran Affairs to a member or former member of the Missouri National Guard or the United States Armed Forces and that is not expired or does not have an expiration date[.];

(5) A picture identification issued by the state of Missouri, an agency of the state, or a local election authority of the state;

(6) A identification issued by the United States government or agency thereof;

2. (1) An individual who appears at a polling place without a form of personal identification described in subsection 1 of this section and who is otherwise qualified to vote at that polling place may execute a statement, under penalty of perjury, averring that the individual is the person listed in the precinct register; averring that the individual does not possess a form of personal identification described in subsection 1 of this section; acknowledging that the individual is eligible to receive a Missouri nondriver's license free of charge if desiring it in order to vote; and acknowledging that the individual is required to present a form of personal identification, as described in subsection 1 of this section, in order to vote. Such statement shall be executed and sworn to before the election official receiving the statement. Upon executing such statement, the individual may cast a regular ballot, provided such individual presents one of the following forms of identification:

(a) non-picture Identification issued by the state of Missouri, an agency of the state, or a local election authority of the state;

[(b) Identification issued by the United States government or agency thereof;]

[(c) Identification issued by an institution of higher education, including a university, college, vocational and technical school, located within the state of Missouri;]

[(d)](b) A copy of a current utility bill, bank statement, government check, paycheck, or other government document that contains the name and address of the individual;

[(e)](c) Other identification approved by the secretary of state under rules promulgated pursuant to this section.

(2) For any individual who appears at a polling place without a form of personal identification described in subsection 1 of this section and who is otherwise qualified to vote at that polling place, the election authority may take a picture of such individual and keep it as part of that individual's voter registration file at the election authority.

(3) Any individual who chooses not to execute the statement described in subdivision (1) of this subsection may cast a provisional ballot. Such provisional ballot shall be counted, provided that it meets the requirements of subsection 4 of this section.

(4) For the purposes of this section, the term "election official" shall include any person working under the authority of the election authority.

3. The statement to be used for voting under subdivision (1) of subsection 2 of this section shall be substantially in the following form:

"State of .....

County of .....

I do solemnly swear (or affirm) that my name is .....; that I reside at .....; that I am the person listed in the precinct register under this name and at this address; and that, under penalty of perjury, I do not possess a form of personal identification approved for voting. As a person who does not possess a form of personal identification approved for voting, I acknowledge that I am eligible to receive free of charge a Missouri nondriver's license at any fee office if desiring it in order to vote. I furthermore acknowledge that I am required to present a form of personal identification, as prescribed by law, in order to vote.

I understand that knowingly providing false information is a violation of law and subjects me to possible criminal prosecution.

.....

Signature of voter

Subscribed and affirmed before me this ..... day of ....., 20....

.....

Signature of election official"

4. A voter shall be allowed to cast a provisional ballot under section 115.430 even if the election judges cannot establish the voter's identity under this section. The election judges shall make a notation on the provisional ballot envelope to indicate that the voter's identity was not verified. The provisional ballot cast by such voter shall not be counted unless:

(1) (a) The voter returns to the polling place during the uniform polling hours established by section115.407 and provides a form of personal identification that allows the election judges to verify the voter's identity as provided in subsection 1 of this section; or

(b) The election authority verifies the identity of the individual by comparing that individual's signature to the signature on file with the election authority and determines that the individual was eligible to cast a ballot at the polling place where the ballot was cast; and

(2) The provisional ballot otherwise qualifies to be counted under section 115.430

5. The secretary of state shall provide advance notice of the personal identification requirements of subsection 1 of this section in a manner calculated to inform the public generally of the requirement for forms of personal identification as provided in this section. Such advance notice shall include, at a minimum, the use of advertisements and public service announcements in print, broadcast television, radio, and cable television media, as well as the posting of information on the opening pages of the official state internet websites of the secretary of state and governor.

6. (1) Notwithstanding the provisions of section 136.055 and section 302.181 to the contrary, the state and all fee offices shall provide one nondriver's license at no cost to any otherwise qualified voter who does not already possess such identification and who desires the identification in order to vote.

(2) This state and its agencies shall provide one copy of each of the following, free of charge, if needed by an individual seeking to obtain a form of personal identification described in subsection 1 of this section in order to vote:

(a) A birth certificate;

(b) A marriage license or certificate;

(c) A divorce decree;

(d) A certificate of decree of adoption;

(e) A court order changing the person's name;

(f) A Social Security card reflecting an updated name; and

(g) Naturalization papers or other documents from the United States Department of State proving citizenship.

Any individual seeking one of the above documents in order to obtain a form of personal identification described in subsection 1 of this section in order to vote may request the secretary of state to facilitate the acquisition of such documents. The secretary of state shall pay any fee or fees charged by another state or its agencies, or any court of competent jurisdiction in this state or any other state, or the federal government or its agencies, in order to obtain any of the above documents from such state or the federal government.

(3) All costs associated with the implementation of this section shall be reimbursed from the general revenue of this state by an appropriation for that purpose. If there is not a sufficient appropriation of state funds, then the personal identification requirements of subsection 1 of this section shall not be enforced.

(4) Any applicant who requests a nondriver's license for the purpose of voting shall not be required to pay a fee if the applicant executes a statement, under penalty of perjury, averring that the applicant does not have any other form of personal identification that meets the requirements of this section. The state of Missouri shall pay the legally required fees for any such applicant. The director of the department of revenue shall design a statement to be used for this purpose. The total cost associated with nondriver's license photo identification under this subsection shall be borne by the state of Missouri from funds appropriated to the department of revenue for that specific purpose. The department of revenue and a local election authority may enter into a contract that allows the local election authority to assist the department in issuing nondriver's license photo identifications.

7. The director of the department of revenue shall, by January first of each year, prepare and deliver to each member of the general assembly a report documenting the number of individuals who have requested and received a nondriver's license photo identification for the purposes of voting under this section. The report shall also include the number of persons requesting a nondriver's license for purposes of voting under this section, but not receiving such license, and the reason for the denial of the nondriver's license.

8. The precinct register shall serve as the voter identification certificate. The following form shall be printed at the top of each page of the precinct register:

VOTER'S IDENTIFICATION CERTIFICATE

Warning: It is against the law for anyone to vote, or attempt to vote, without having a lawful right to vote.

PRECINCT

WARD OR TOWNSHIP .....

GENERAL (SPECIAL, PRIMARY) ELECTION

Held ....., 20....

Date

I hereby certify that I am qualified to vote at this election by signing my name and verifying my address by signing my initials next to my address.

9. The secretary of state shall promulgate rules to effectuate the provisions of this section.

10. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2002, shall be invalid and void.

11. If any voter is unable to sign his name at the appropriate place on the certificate or computer printout, an election judge shall print the name and address of the voter in the appropriate place on the precinct register, the voter shall make his mark in lieu of signature, and the voter's mark shall be witnessed by the signature of an election judge.

12. This section [shall] became [become] effective [only] upon the passage and approval by the voters of a constitutional amendment submitted to them by the general assembly regarding the authorization of photo identification requirements for elections by general law. Future Amendments to this section shall become effective immediately. [If such constitutional amendment is approved by the voters, this section shall become effective June 1, 2017.]

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

May 2, 2017

RECEIVED
MAY 0 2 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV (2018-225)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on May 2, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
MAY 02 2017
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1					
2					
3					
4					
5					
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8					
9					
10					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of .....,
A.D.....

Be it resolved by the people of the state of Missouri that

the Constitution be amended:

This measure amends the Missouri Constitution by adding Section 54 to

.....
Signature of Notary

Notary Public (Seal) .....

My commission expires.....

.....
Address of Notary .

Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Cannabis Treatment Amendment

2. Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof. This Amendment shall apply to all rsmo mentioning marijuana.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

e) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

f) "dispensary" refers to a facility where medicine are prepared and provided.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.

a) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for the purpose of supplying cannabis to patients, care givers, and medical dispensaries.

b) Procession and consumption of cannabis for medical treatment with a doctor's recommendation.

4. The Missouri legislature may pass laws that doesn't conflict with this amendment. Medical cannabis, commonly known as marijuana, shall be available to patients who with a doctor's recommendation and Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section two; clause a of this amendment, shall be available with a doctor's recommendation. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture:

a) All Missouri patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

f) Primary caregiver shall not be subjected to criminal or civil charges for providing cannabis to patients who been given a doctor's a medical professional.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

6. Medical dispensaries shall verify the following:

a) The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.

b) If, primary caregiver, the dispensary verifies the patient and the primary caregiver.

c) The patient's 9 digit random alphabet. Dispensaries my issue a random alphabet after verifying the Doctor's Recommendation.

d) Retail cannabis products for medical use shall contain appropriate labeling, which outlines the weight and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis. Labels shall not be false or misleading, and should be based on data derived from scientific study and prevailing human experience

7. The Department of Health and Senior Services shall issue 9 digit random alphabet out to patients and keep records of the alphabet on a state wide registry. The registry is to verify it's a patient and it shall not be subjected to Sunshine request under rsmo chapter 610. No law enforcement agency my access the list without a warrant. Law enforcement agencies my only view a printed list but not electronically. Dispensaries shall the Register with the the Department of Health and Human Services for:

a) licensing and regulations b) paying fees of no more than $100.00 c) to assist with the 9 digit random alphabet registry.

8. Upon the passage of this Act, individuals incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to the passage of this Act shall be immediately released and their civil and criminal records shall be expunge by the Court even if such offense wasn't related to medical treatment. This shall not apply to individuals convicted of offenses other then nonviolent, cannabis related offenses. Within 120 days of the passage of this Act, the Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of nonviolent cannabis related civil and criminal records committed prior to the passage of this Act.

9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.

11. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.This shall

12. become effective on December 6th 2018.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

May 2, 2017

RECEIVED
MAY 0 2 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article III (2018-224)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on May 2, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official ballot Title]

RECEIVED
MAY 02 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, No PO Box)	(City, Town orVillage)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of .....,
A.D.....

.....
Signature of Notary

Notary Public (Seal)
My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article III section 50 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.
Section 50. Initiative petitions proposing amendments to the constitution shall be signed by eight percent of the legal voters in each of two-thirds of the congressional districts in the state, and petitions proposing laws shall be signed by five percent of such voters. Every such petition shall be filed with the secretary of state not less than six months before the election and shall contain an enacting clause and the full text of the measure. Petitions for constitutional amendments shall not contain more than one amended and revised article of this constitution, or one new article which shall not contain more than one subject and matters properly connected therewith, and the enacting clause thereof shall be "Be it resolved by the people of the state of Missouri that the Constitution be amended:". Petitions for laws shall contain not more than one subject which shall be expressed clearly in the title, and the enacting clause thereof shall be "Be it enacted by the people of the state of Missouri:". A petition may be filed following a November election and no filing fee shall be imposed. Any adult 18 years old or older may collect signatures any petition approved of circulation. A petitioner may volunteer or be paid. An employer may pay per signature, by the hour, or any way agreed to. The legislature may pass no law requiring ID badges. No changes to election laws without voter approval. The Secretary of State shall host and maintain a web based system for the purpose of providing voters the option of sign petitions electronically. The office the Secretary of State shall provide a verified voter with a unique identification number and collect identical information as required by existing initiative petition law. The electronic signature process is in addition to existing signature requirements and allows an individual to choose between the electronic signature and personally signing a hard copy of a petition. Voters shall have the option of receiving a confirmation text, confirmation email, email, any electronic message within the capacity of Secretary of State and available at the time, or postcard confirming the electronic signature and informing the voter about the 20 day period respond with any corrections or objections to the electronic signature.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-224)

Subject

Initiative petition from Damien Johnson regarding a proposed constitutional amendment to Article III. (Received May 2, 2017)

Date

May 22, 2017

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated:

This proposal amends Article III, Section 50 of the MO Constitution with the following:

- Prohibits filing fees for initiative petitions and allows them to be filed following a November elections.
- Allows any adult over age 18 to collect signatures as a volunteer or paid staff.
- Requires the Secretary of State to host and maintain a system to provide an option for voters to sign petitions electronically, receive confirmation of such signatures and provide a time period for the voter to response with any corrections or objections to the electronic signature.

There are various spelling and grammatical errors in the petition that may impact implementation if passed.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated:

Petition 2018-224 would require their office to develop a web page to allow electronic signature of initiative and referendum petitions. The Information Technology Division estimates the labor costs for this project at $238,767.96. The Elections Division would require an additional FTE to process the queue of electronic signatures at an initial salary of $38,148 beginning in FY 2019.

This proposed amendment would also require their office to contact each voter within 20 days of receipt of an electronic petition signature. The proposal does authorize electronic methods such as e-mail or text messages to be used. However, since telephone numbers and e-mail addresses are optional information on a voter record and not currently captured on initiative or referendum petitions, the remaining feasible option is a physical mailing to each voter using an electronic signature. While they cannot determine the specific number of voters that will utilize the electronic system, they can determine a reasonable estimate based on the petitions received in the 2016 cycle.

For the 2016 cycle, their office received five initiative petitions, with the largest petition having approximately 369,319 signatures checked by local election authorities. If five petitions with that number of signatures on each are received in one petition cycle, that number would total up to 1,846,595 signatures for the cycle, any or all of which could be submitted electronically. Assuming a going rate of postage and processing at $0.49 per postcard, a reasonable estimated cost of mailing could equal up to $904,831.55.

Additionally, their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated to the extent that electronic signature gathering may make it easier for initiative petitions to succeed in Missouri, thus making initiative petitions a more attractive option, it is conceivable that their office could experience an increased initiative petition review workload. They cannot, however, quantify that potential increase at this time, so as to say whether it could be handled with existing resources.

As to the remainder, they do not see any other provisions that may have a fiscal impact upon their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate one-time costs of $239,000, increased annual costs of $38,000, and unknown costs during each 2-year election cycle of up to $900,000 depending on how many registered voters sign petitions electronically and the correspondence method the state uses. Local governmental entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 24, 2017

RECEIVED
APR 24 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Charles Jones regarding a proposed constitutional amendment to Article IV (2018-223)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Charles Jones on April 24, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or City of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
APR 24 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____
I, _____, being first duly sworn, say (print or type names of signers)

Registered Voting Name (Signature)	Date Signed	Registered Voting Address (Number)(Street)(City, Town, Village)	Zip Code	Cong Dist.	Registered Voting Name (printed or typed)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence: I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.
I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

Subscribed and sworn to before me, this ____day of _____.
A.D._____

Notary Public (Seal)

My commission expires _____

_____

_____
Address of Affiant

_____
Signature of Notary

_____

_____
Address of Notary

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1, 577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1. Cannabis shall immediately be removed from the Missouri list of controlled substances and shall no longer be listed among Missouri's drug schedules.

2. Definitions: cannabis and cannabis hemp refer to Cannabis, Marijuana, Cannabis Sativa, Cannabis Indica, Cannabis Ruderalis or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
   a. Medical cannabis refers to physician recommended use.
   b. Personal use refers to any use not recommended by physician.
   c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use planting, propagating, cultivating, growing, harvesting, manufacturing, compounding , converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into or onto the human body.
   d. Establishment refers to a cannabis cultivation facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares, manufactures, packages, transports, or sells cannabis products or accessories.
   e. Minor refers to anyone under the age 18.

3. Cannabis or its products shall not be sold to anyone under the age 18. Anyone under the age of 18 shall have access to cannabis through physician recommendation or consent from parent/legal guardian.
   a. No minor shall be criminally prosecuted for possession of cannabis or its products.

4. The following acts are not unlawful and shall not be an offense under Missouri law
   a. Possession of cannabis for personal or medical use.
   b. Cultivating cannabis for personal or medical use, to obey zoning restrictions.
   c. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri.
   d. Providing cannabis, cannabis accessories and products for sale to consumers. Any product to be sold to public must be tested for purity and weight.
   e. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (e) of this section.
   f. The possession of cannabis is not to be the sole reason for issuing a D.U.I. (driving under the influence), arrest or fines when operating a motor vehicle.

5. Patient rights: Cannabis shall be available to all patients regardless of age, without taxation when physician recommended.

6. All prisoners that have been incarcerated for non-violent cannabis related crimes shall be released within 30 days, unless time remains on the sentence for another dissimilar offense.
   a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate expungement of all cannabis related non-violent civil and criminal records in Missouri, to be distributed to all circuit courts within the state.

7. No state funds shall be used to enforce federal laws which are no longer illegal in the state of Missouri.
   a. Any person who willfully impedes the lawful exercise of these provisions is guilty of a class A misdemeanor.

8. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirements, licensing fee that is discriminant, prohibitive, or in any way contrary to that which is relative to any other commercial or agriculture farmer, manufacturer, processor or distributor.

9. Pursuant to the ninth and tenth amendments to the Constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.

10. All provisions of this section are self-executing and severable and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance or resolution.

11. The dictates of this Initiative shall be implemented no later than April 20th following the election that placed this initiative before the people.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-223)

Subject

Initiative petition from Charles Jones regarding a proposed constitutional amendment to Article IV. (Received April 24, 2017)

Date

May 15, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated among other provisions, this proposal could require their office to develop and issue an order providing for the expungement of all cannabis-related "non-violent civil and criminal records in Missouri." Moreover, the proposal purports to supersede federal law.

They expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated estimated increased operating costs of $0 in fiscal year 2018, unknown>$72,713 in fiscal year 2019, and unknown>$169,098 in fiscal year 2020.

Section 192.945, RSMo, allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for medical and recreational purposes. Therefore, persons with intractable epilepsy would not need to apply for a hemp extract registration card in order to legally use the CBD oil.

They expect rental space for two staff located in Jefferson City would be required: 2 staff x 230 sq.ft./FTE x $21.00 = $9,660.

They indicated marijuana cultivation facilities, products manufacturer, dispensary, and testing facilities may be established as small businesses.

This proposal does not require their department to issue any licenses or conduct inspections to ensure the safety of marijuana infused food products. However, sections 196.010 through 196.298, RSMo, gives their department responsibility for the regulation of food to include such duties as ensuring food safety, sanitation, proper labeling, etc. Therefore, their department would have responsibility to assure that facilities manufacturing foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

Due to the broad parameters of this proposal, it is difficult to determine how many food manufacturing facilities would be established. In states that have legalized marijuana, the demand for marijuana-infused food products has increased. For the purposes of this fiscal note, they estimate that at least 300 food manufacturing facilities that will be established as a result of this proposal. In order to properly inspect these manufacturing facilities, DCPH would require a minimum of two additional Environmental Public Health Specialist IV staff ($44,352, A27, Step G). This proposal is to be implemented no later than April 20, 2019. Therefore, for purposes of this estimate, DCPH assumes that the two Environmental Public Health Specialist IV positions would begin April 1, 2019.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $7,178,073 in fiscal year 2019 (7 Months), $7,511,746 in fiscal year 2020, $10,741,186 in fiscal year 2022 and thereafter.

Legalizing the possession and use of marijuana would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY17 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will no discharges from expungement but the reduction in the prison population will increase to 214. The field reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $7,178,073 and will be $10,741,186 after the 4th year.

If marijuana usage becomes legal it could impact the safety and security of our prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of our prisons.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety -Office of the Director** indicated they see no fiscal impact due to this legislation. They have, however, forwarded this to both ATC and MSHP for their input, should that be required. They will respond directly, if needed.

Officials from the **Missouri State Highway Patrol** indicated they expect increased operating costs of $426,235 for the first year implemented, $487,385 for the second year implemented, and $492,597 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

Criminal Justice Information Services Division
The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094
RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Divison

Currently, there are 109,072 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest records with or without a court conviction pertaining to individuals the age of 18 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only ten percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require four FTE's. However, if a large number of these expungements were to be granted with even four FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 44 FTE's to complete this task in approximately one year. The addition of 44 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 109,072 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

10% = 109,072 x .10 = 10,907 / 2,485 = 4 FTE's
50% = 109,072 x .50 = 54,536 / 2,485 = 22 FTE's
100% = 109,072 / 2,485 = 44 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing ten percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

4 Quality Control Clerks ($1,015 x 24)	$97,440
Equipment/Office Furniture	$6,094

RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require the Highway Patrol to rent office space for 4 FTE's to process the expungement requests. The Office of Administration states that 1,500 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft

Utility Costs $2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. For example, it is uncertain what a cannabis related non-violent civil and criminal record is. It is unclear if individuals with the aforementioned conviction records

are required to abide by the expungement process mandated by various other state statutes. Does the individual just complete and file a document with a circuit clerk and the record is expunged or does the "court," whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?

They have concerns with number 7. This wording would prevent us from assisting federal agencies.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Changes to Missouri's state driving laws could impact some federal commercial drivers' license laws.

Failure to comply with 49 C.F.R. 384.225 & 384.226 could result in a withholding of Missouri's federal-aid highway funds apportioned to it under each of Title 23, United States Code (U.S.C.), sections 104(b)(1), (b)(3), and (b)(4). The federal funds impacted consist of national highway performance program funds, highway safety improvement program funds and congestion mitigation and air quality improvement funds. The withholding amount would be 4 percent for the first year of non-compliance and 8 percent for the second and subsequent years.

Officials from the **Office of Administration** (OA) indicated:

This proposal enacts one new section in Article IV, Section 54 which:

- Legalizes cannabis under certain circumstances.
- Orders the release of those convicted of nonviolent cannabis-related crimes and requires the expungement of those criminal records.
- Prohibits the use of state funds to enforce federal laws that are no longer illegal in Missouri.
- Prohibits special zoning requirements or licensing fees for cannabis farmers, manufacturers, processors, and distributors.
- Repudiates and challenges federal cannabis prohibitions that conflict with this initiative petition.

- Sets an effective date of no later than April 20th following the election.

This proposal should not have a fiscal impact for their office.

Officials from the **Office of State Courts Administrator** indicated:

The proposed initiative petition would create a new section of the Missouri Constitution to be known as Article IV, section 54. This section would allow citizens over the age of eighteen to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to 2015 for Associate case types is 10,982. They are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund

Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund

Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri

Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes we contract all conflicts to private attorneys, which we are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the date requested for this response to provide actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kanas City** indicated:

Their local government estimates the fiscal impact of the above-referenced constitutional amendment for fiscal years 2018, 2019 and 2020 to be as follows:
(reminder: 2018 will likely be a portion of a fiscal year, depending on effective date of amendment)
Revenues: (explain amount per fiscal year and source or reason for increase)
This constitutional amendment will have no fiscal impact on their city.

Savings: (explain amount per fiscal year, reason for savings and area where savings will occur)
This constitutional amendment will have no fiscal impact on their city.

Costs:(explain what type of costs will be incurred, amount per fiscal year and reason)
This constitutional amendment will have no fiscal impact on their city.

Losses:(explain why revenue losses would be expected and amount per fiscal year)
This constitutional amendment will have no fiscal impact on their city.

Officials from the **City of St. Joseph** indicated this initiative petition proposing to amend Article IV would have fiscal impact on the local government. There have been increased concerns from a public safety aspect that may contribute to additional law enforcement officers to deal with the repercussions of this amendment.

Officials from the **Missouri State University** indicated no fiscal impact to their university.

Officials from the **Missouri Western State University** indicated this initiative will not have a fiscal impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education,** the **Department of Labor and Industrial Relations, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

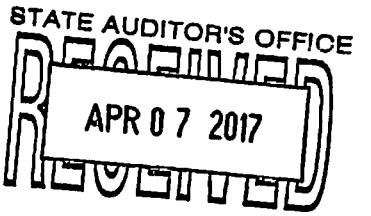
This proposal is estimated to result in annual state savings of $11 million. Additional state operating costs resulting from this proposal are estimated at $700,000 annually. Local law enforcement costs could increase.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 7, 2017



The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article X (2018-222)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on April 7, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
APR 07 2017
MO. SECRETARY OF STATE

[Official ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street, No PO Box)	(City, Town orVillage)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
Signature of Notary

Notary Public (Seal)

My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article X section 26 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

Section 26. A. In order to prohibit an increase in the tax burden on the citizens of Missouri without voter approval, state and local sales and use taxes (or any similar transaction-based tax) shall not be expanded to impose taxes on any service or transaction that was not [subject to sales, use or similar transaction-based tax on January 1, 2015.] approved by voters.

B. Prohibit funding of sports and entertainment stadiums, recreation centers or facilities without voter approval.

C. Prohibit expansion, extending, modifying, or amending current or future bonds, tax credits for the purpose of funding sports and entertainment centers, recreation centers or facilities, without voter approval.

D. No unelected governmental body, committee, or commissions shall have the power to spend money, apply for grants, enter into agreements for the purpose of funding sports and entertainment centers, recreation centers or facilities. No unelected body of government body, committee, or commissions shall have to power to sue in any official capacity to dispute any part of this section.

E. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

All provisions shall take effect immediately upon passage.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-222)

Subject

Initiative petition from Damien Johnson regarding a proposed constitutional amendment to Article X. (Received April 7, 2017)

Date

April 27, 2017

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb

the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated their impact is unknown.

This initiative petition amends the MO Constitution so that public money can't be spent on any sports facility without voter approval. This may cause a decrease in the amount of public money that is spent on sports facilities. The impact is unknown because the state may save money that it would have spent on the facilities but there will be lost economic activity that the facilities would have caused.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their agency.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration (OA)** indicated this proposal amends Article X, Section 26.

- Subsection A prohibits the imposition of state and local taxes on any services or transactions that were approved by voters instead of the current language which prohibits taxes on any service or transaction that was not subject to sales, use or similar transaction-based tax on January 1, 2015. Budget and Planning does not have enough information to estimate the fiscal impact of this provision, however, it could have a significant negative fiscal impact on the state and local taxing authorities.

- Subsection B prohibits funding of sports and entertainment stadiums, recreation centers or facilities without voter approval. B&P assumes this language is prospective; therefore, it would impact only new taxes and construction of new sports and entertainment stadiums, recreation centers or facilities. While there would be a fiscal impact, B&P is unable to determine the impact, as the operative terms are undefined.

- Subsection C prohibits expansion, extension modification or amending current or future bonds, or tax credits without voter approval. The intent of this provision is unclear. A broad interpretation would be that provision C would not allow refunding transactions (which save tax payer money by reducing debt service without substantive changes to principal payments or dates) on any bonds (not just sports stadiums) without voter approval (which would be unlikely to obtain in a timely manner to execute the transaction before the markets changes). An even broader but reasonable interpretation would be that no changes to any existing bond documents could be made regardless of how trivial. This could present challenges in managing the state’s current debt and could result in higher debt service costs for the state. In regards to the reference to tax credits, this could be interpreted to mean that the state could not take any action on any existing tax credit program without a vote of the people. This means the program could not be extended or ended, caps could not be lowered or raised, and other program changes such as limiting the transferability of credits could not be implemented by the General Assembly without a vote of the people.

- Subsection D prohibits any unelected governmental body, committee, or commission from spending money, applying for grants or entering into agreements for the purpose of funding sports and entertainment centers, recreation centers or facilities. It also removes the ability of any unelected government body from suing or being sued in any official capacity to dispute any part of this section. B&P does not have enough information to determine the fiscal impact of this proposal.

- Subsection E states the provisions of the initiative petition are self-executing and severable and shall supersede conflicting city, county, state or federal statutory, local charter, ordinance or resolution. Budget and Planning does not have enough information to estimate the fiscal impact of this provision, however, it could have a significant negative impact on the state and local taxing authorities.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition could have a very significant negative fiscal impact on their city in an indeterminate amount.
This amendment could end their city's ability to funds projects with industrial revenue bonds or do sale-leasebacks through economic development corporations. The amendment would also prohibit the restructuring of bonds for entertainment districts without getting approval of the voters and there is an expense to the city in putting questions before the voters.

Officials from the **City of St. Joseph** indicated this initiative petition would have a fiscal impact if it required going to the voters to approve construction of sporting and entertainment centers.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia**, the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College**.

Fiscal Note Summary

The proposal could have a significant negative fiscal impact on the state and local governmental entities. The amount of the impact is unknown.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 5, 2017

RECEIVED
APR 05 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Wayne Baker regarding a proposed constitutional amendment to Article IV, Version 3 (2018-221)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Wayne Baker on April 5, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
APR 05 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires:

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article IV of the Constitution is revised by adding one new section to be known as section 30(e) of Article IV to read as follows:

Section 30(e). 1. Neither the General Assembly nor any other entity or officer of state government may finance, acquire, construct, maintain, improve, reconstruct, or operate toll roads or toll facilities in this state.

2. "Toll facility" includes any facility, structure, or appurtenance which is to be paid for in whole or in part from revenues collected from tolls, fees, rents, or other charges imposed for the use of the facility.

3. The state may not relocate or incorporate any public roads, highways, or bridges into a toll facility project.

4. The state may not transfer all or part of a public road, highway, or bridge to another entity for operation as a toll road or toll facility.

5. Nothing herein shall prevent the collection of taxes for the benefit of the state transportation fund.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-221)

Subject

Initiative petition from Wayne Baker regarding a proposed constitutional amendment to Article IV. (Received April 5, 2017)

Date

April 25, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and **Missouri Joint Municipal Electric Utility Commission.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that the enactment of this proposal would result in increased litigation. They assume they could absorb costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact for this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated fiscal impact - unknown negative, as it would prohibit the imposition, collection and operation of toll facilities by the Missouri Highways and Transportation Commission and Missouri Department of Transportation, which would eliminate a future, possible revenue stream to build, operate and maintain state highways. But, since the Commission and Department do not currently operate any state toll facility, any future negative fiscal impact is unknown.

Officials from the **Office of Administration** indicated this proposal would prohibit public toll roads or toll facilities and the transfer of any non-tolled roads or bridges to another entity to operate as a toll project. It also states that this amendment does not prevent the collection of taxes for the benefit of the state transportation fund.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition would have a very significant negative fiscal impact on their city in an indeterminate amount.

Their city (both in its own right and through the use of multiple economic development corporations agencies) has a large number of economic development projects that are owned by the city and financed with bonds that are repaid using the rents that are derived from these projects. This process is commonly referred to as a "sale-leaseback". This proposes amendment, if it passes, would make sale-leasebacks unlawful.

If the purpose of this proposed amendment is to prohibit toll roads than the language it uses to also prohibit toll facilities is overbroad.

Officials from the **City of Raymore** indicated no fiscal impact.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

The state currently operates no toll facilities and thus passage of this proposal results in no immediate fiscal impact; however, state governmental entities expect a future unknown negative fiscal impact because the proposal eliminates potential sources of revenue. Local governmental entities expect a significant unknown negative fiscal impact.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 5, 2017

RECEIVED
APR 05 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Wayne Baker regarding a proposed constitutional amendment to Article IV, Version 2 (2018-220)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Wayne Baker on April 5, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
APR 05 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires:

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article IV of the Constitution is revised by adding one new section to be known as section 30(e) of Article IV to read as follows:

Section 30(e). All government owned roads in existence at the time of passage of this amendment shall be public and not subject to the payment of any toll for their use. The highways and transportation commission shall not transfer all or part of a nontolled road to another entity for operation as a toll project.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-220)

Subject

Initiative petition from Wayne Baker regarding a proposed constitutional amendment to Article IV. (Received April 5, 2017)

Date

April 25, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and **Missouri Joint Municipal Electric Utility Commission.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that the enactment of this proposal would result in increased litigation. They assume they could absorb costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact for this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated fiscal impact - unknown negative, as it would prohibit the imposition, collection and operation of toll facilities by the Missouri Highways and Transportation Commission and Missouri Department of Transportation, which would eliminate a future, possible revenue stream to build, operate and maintain state highways. But, since the Commission and Department do not currently operate any state toll facility, any future negative fiscal impact is unknown.

Officials from the **Office of Administration** indicated this proposal would require all government-owned roads at the time of passage of the amendment to remain public and not subject to tolling for their use. It would also prohibit the Highways and Transportation Commission from transferring all or part of a non-tolled road to another entity to operate as a toll project.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition would have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

The state currently operates no toll facilities and thus passage of this proposal results in no immediate fiscal impact; however, state governmental entities expect a future unknown negative fiscal impact because the proposal eliminates a potential source of revenue. Local governmental entities expect no fiscal impact.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 5, 2017

RECEIVED
APR 05 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Wayne Baker regarding a proposed constitutional amendment to Article IV, Version 1 (2018-219)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Wayne Baker on April 5, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
APR 05 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires:

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article IV of the Constitution is revised by adding one new section to be known as section 30(e) of Article IV to read as follows:

Section 30(e). Neither the General Assembly nor any other entity or officer of state government may fund, design, acquire, construct, maintain, reconstruct, or operate all or part of an existing state road as a toll project, and may not transfer all or part of a nontolled road to another entity for operation as a toll project.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-219)

Subject

Initiative petition from Wayne Baker regarding a proposed constitutional amendment to Article IV. (Received April 5, 2017)

Date

April 25, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and **Missouri Joint Municipal Electric Utility Commission.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that the enactment of this proposal would result in increased litigation. They assume they could absorb costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact for this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated fiscal impact - unknown negative, as it would prohibit the imposition, collection and operation of toll facilities by the Missouri Highways and Transportation Commission and Missouri Department of Transportation, which would eliminate a future, possible revenue stream to build, operate and maintain state highways. But, since the Commission and Department do not currently operate any state toll facility, any future negative fiscal impact is unknown.

Officials from the **Office of Administration** indicated this proposal would prohibit public toll roads and the transfer of any non-tolled roads to another entity to operate as a toll project.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition would have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

The state currently operates no toll facilities and thus passage of this proposal results in no immediate fiscal impact; however, state governmental entities expect a future unknown negative fiscal impact because the proposal eliminates a potential source of revenue. Local governmental entities expect no fiscal impact.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

STATE AUDITORS OFFICE
APR 04 2017
RECEIVED

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Doug Burlison regarding a proposed constitutional amendment to Article IV (2018-218)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Doug Burlison on April 4, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
APR 04 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.						
2.						
3.						
4.						
5.						
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12.						
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15.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant

Subscribed and sworn to before me, this _____ day of _____, A.D. _____ .

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals, in part or in whole, and Amends various statutes and subsections including but not necessarily limited to RSMo 87.400.1(6), 87.400.1(7), 87.505.1(12), 87.505.1(13), 105.1108.1, 105.1112.1, 192.945.1, 195.010.1(17)(g), 195.010.1(l), 195.010.1(24), 195.010.1(40), 195.017.1(4)(w), 195.017.1(4)(ee), 195.017.2(4)(w), 195.017.2(ee), 195.140.2, 195.207.1, 195.211.1, 195.222.1(7), 195.223.1(7), 195.223.1(8), 261.265.1, 263.250.1, 261.265.1, 306.110.1(2), 579.015.1(2), 579.015.1(3), 579.015.1(4), 579.015.1(5), 579.020.1(2), 579.020.1(3), 579.020.1(4), 579.020.1(5), 577.024.1(2), 579.030.1, 579.055.1(3), 579.055.1(4), 579.068.1(7), 579.068.1(9)3.(7), 579.068.1(9)3.(8), 579.105.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1. Cannabis shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. Cannabis shall no longer be considered a controlled substance or a drug hence forth by Missouri law.

2. Definition of terms, as used in this Act:
(a) "Cannabis" and "Cannabis hemp" refer to the Cannabis, marihuana, marijuana, Cannabis sativa, Cannabis sativa L., Cannabis Americana, Cannabis Gigantea, Cannabis indica, Cannabis ruderalis, or any variety of Cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
(b) "Medical Cannabis" refers to Cannabis used to prevent or to treat a medical condition.
(c) "Personal use" refers to the personal use or consumption of Cannabis.
(d) "Cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing Cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing Cannabis into and/or onto the human body.
(e) "Establishment" refers to a Cannabis cultivation facility, a Cannabis testing facility, a Cannabis product manufacturing facility, or a retail store, Cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells Cannabis, Cannabis products and/or Cannabis accessories.

3. The following acts are not unlawful and shall not be an offense under Missouri law:
(a) Possession of Cannabis for personal or medical use.
(b) Cultivating Cannabis for personal or medical use.
(c) Cultivation, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing Cannabis, Cannabis accessories, and Cannabis products for commercial purposes, provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.
(d) Providing Cannabis, Cannabis accessories, and Cannabis products for sale to consumers.
(e) Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
(f) No one shall be denied housing solely based on their use of Cannabis.
(g) No one shall be denied employment solely based on their use of Cannabis.
(h) The use and/or possession of Cannabis shall not be grounds for issuing a "Driving under the influence" (DUI) stop, charge, arrest or fines when operating a motor vehicle.

4. Medical Cannabis shall be available to patients without taxation who have a physician's recommendation for its use.
(a) All patients engaged in Cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means, whether or not under the care of a physician.
(b) Licensed physicians shall not be penalized for, nor restricted from recommending Cannabis for medical purposes to any person under their care.
(c) Veterinarians shall not be penalized nor restricted from recommending Cannabis for medical purposes for any creature under their care.
(d) Opinions pertaining to, and willingness to recommend medical Cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical Cannabis therapy.
(e) Any individual who is a Cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri Cannabis patient.
(f) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of Cannabis.

5. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, Cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.
(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent Cannabis only offenses which are no longer illegal in the State of Missouri under this Act.
(b) Within 60 days of the passage of this Act, a legal document shall be developed and made available to the public ordering the immediate destruction of all Cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment which is no longer illegal in the State of Missouri under this Act. This document shall be distributed to all pertinent parties throughout the state.

6. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal Cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.
(a) Asset Forfeiture shall no longer be justified or used by any Missouri law enforcement through association with Cannabis, Cannabis cultivation, it's use and/or possession.

7. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

8. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

9. Pursuant to the Ninth and Tenth Amendments to the Constitution of the United States, the people of Missouri hereby repudiate and challenge federal Cannabis prohibitions that conflict with this Act.

10. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

11. The dictates of this Initiative shall be implemented no later than January 31st, following the election that placed this initiative before the people.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-218)

Subject

Initiative petition from Doug Burlison regarding a proposed constitutional amendment to Article IV. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated among other provisions, this proposal could require the development and issuance of an order providing for the destruction of "all Cannabis-related non-violent civil and criminal records in Missouri." Moreover, the proposal purports to supersede federal law.

They expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** estimated increased operating costs of $0 in fiscal year 2018, $109,353 in fiscal year 2019, and $169,098 in fiscal year 2020.

Section 192.945, RSMo, allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for both medical and recreational purposes. Therefore, persons with intractable epilepsy would not need to apply for a hemp extract registration card in order to legally use the CBD oil.

They expect rental space for two staff located in Jefferson City would be required: 2 staff x 230 sq.ft./FTE x $21.00 = $9,660.

They indicated retail marijuana, cultivation facilities, products manufacturer, and testing facilities may be established as small businesses.

This proposal does not require their department to issue any licenses or conduct inspections to ensure the safety of marijuana infused food products. However, 196.010 through 196.298, RSMo, gives their department responsibility for the regulation of food to include such duties as ensuring food safety, sanitation, proper labeling, etc. Therefore, they would have responsibility to assure that facilities manufacturing foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

Due to the broad parameters of this proposal, it is difficult to determine how many food manufacturing facilities would be established. States which have legalized retail marijuana have seen a significant demand for edible marijuana products. For the purposes of this fiscal note, they estimate that at least 300 food manufacturing facilities that will be established as a result of this proposal. In order to properly inspect these manufacturing facilities, DCPH would require a minimum of two additional Environmental Public Health Specialist IV staff ($44,352, A27, Step G). This law shall be implemented no later than January 31 following the November 2018 election. Therefore, DCPH assumes that the two Environmental Public Health Specialist IV positions would begin January 1, 2019.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** expect cost avoidance of $7,178,073 in fiscal year 2019 (7 Months), $7,511,746 in fiscal year 2020, and $10,741,186 in fiscal year 2022 and thereafter.

Legalizing the possession and use of marijuana would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY17 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will no discharges from expungement but the reduction in the prison population will increase to 214. The field reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $7,178,073 and will be $10,741,186 after the 4th year.

If marijuana usage becomes legal it could impact the safety and security of the prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of the prisons.

Officials from the **Department of Labor and Industrial Relations** indicated they will not be responding to these fiscal notes. They have no effect on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact for this initiative petition. They have forwarded this to MHSP for their input.

Officials from the **Missouri State Highway Patrol** indicated they expect increased operating costs of $474,311 for the first year implemented, $538,337 for the second year implemented, and $544,128 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 5 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

Criminal Justice Information Services Division
The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094
RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Division

Currently, there are 111,977 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest and arrest/disposition records pertaining to individuals the age of 17 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only ten percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require 5 FTE's. However, if a large number of these expungements were to be granted with even five FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 45 FTE's to complete this task in approximately one year.

The addition of 45 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 111,977 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

10% = 111,977 x .10 = 11,198 / 2,485 = 5 FTE's
50% = 111,977 x .50 = 55,989 / 2,485 = 23 FTE's
100% = 111,977 / 2,485 = 45 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing ten percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

5 Quality Control Clerks ($1,015 x 24)	$121,800
Equipment/Office Furniture	$6,094

RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require the Highway Patrol to rent office space for 5 FTE's to process the expungement requests. The Office of Administration states that 1,150 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft

Utility Costs $2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. The definition of a “non-violent cannabis-only offense” needs to be added. It is unclear if individuals with the aforementioned conviction records are required to

abide by the expungement process mandated by various other state statutes. Does the individual just complete and file a document with a circuit clerk and the record is expunged or does the "court," whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?

The Highway Patrol has concerns with number 6. This wording would prevent them from assisting federal agencies.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Changes to Missouri's state driving laws could impact some federal commercial drivers' license laws.

Failure to comply with 49 C.F.R. 384.225 & 384.226 could result in a withholding of Missouri's federal-aid highway funds apportioned to it under each of Title 23, United States Code (U.S.C.), sections 104(b)(1), (b)(3), and (b)(4). The federal funds impacted consist of national highway performance program funds, highway safety improvement program funds and congestion mitigation and air quality improvement funds. The withholding amount would be 4 percent for the first year of non-compliance and 8 percent for the second and subsequent years.

Officials from the **Office of Administration** (OA) indicated:

Under this proposal:

- Cannabis would be removed from the list of scheduled drugs
- Possessing, cultivating, harvesting and distributing cannabis for personal or medical use would be decriminalized.
- The use or possession of cannabis is not grounds alone for a Driving Under the Influence infraction and no one shall be denied housing or employment solely based on their use of cannabis.
- Cannabis shall be available to all patients, without taxation, when recommended by a physician as a medicine.
- All prisoners who have been incarcerated or under supervision of the MO Board of Probation and Parole for nonviolent cannabis-related crimes shall be immediately released and all charges for cannabis crimes expunged.

- No Missouri law enforcement personnel or state funds shall be used to enforce federal laws that are no longer illegal in Missouri under this amendment.
- Asset forfeiture will no longer be allowed through association with cannabis, cannabis cultivation, its use and/or possession. This could result in an unknown decrease to the state Federal Drug Seizure Fund.
- Language is included to state that the people of Missouri repudiate and challenge federal cannabis prohibitions that conflict with this proposal.
- Effective date is no later than January 31st following the election.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes we contract all conflicts to private attorneys, which we are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated this petition would have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri State University** indicated no fiscal impact to their university.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from the **Missouri Western University** indicated no fiscal impact to their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

This proposal is estimated to result in annual state savings of $10.7 million. Additional state operating costs resulting from this proposal are estimated at $700,000 annually. Local law enforcement costs could increase.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV (2018-217)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on April 4, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
APR 04 2017
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

Subscribed and sworn to before me this ..... day of .....,
A.D.....

.....
Address of Affiant

.....
Signature of Notary

Notary Public (Seal) .....
My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Cannabis Treatment Amendment

2. Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof. This Amendment shall apply to all rsmo mentioning marijuana.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.

a) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

b) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.

4. The Missouri legislature may pass laws that doesn't conflict with this amendment. Medical cannabis, commonly known as marijuana, shall be available to patients who with a doctor's recommendation and Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section two; clause a of this amendment, shall be available with a doctor's recommendation. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture:

a) All Missouri patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

f) Primary caregiver shall not be subjected to criminal or civil charges for providing cannabis to patients who been given a doctor's a medical professional.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for medical treatment to a person engaged in personal use.

6. Medical dispensaries shall verify the following:

a) The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.

b) If, primary caregiver, the dispensary verifies the patient and the primary caregiver.

c) The patient's 9 digit random alphabet. Dispensaries my issue a random alphabet after verifying the Doctor's Recommendation.

d) Retail cannabis products for medical use shall contain appropriate labeling, which outlines the weight and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis. Labels shall not be false or misleading, and should be based on data derived from scientific study and prevailing human experience

7. The Department of Health and Human Services shall issue 9 digit random alphabet out to patients and keep records of the alphabet on a state wide registry. The registry is to verify it's a patient and it shall not be subjected to Sunshine request under rsmo chapter 610. No law enforcement agency my access the list without a warrant. Law enforcement agencies my only view a printed list but not electronically. Dispensaries shall the Register with the the Department of Health and Human Services for:

a) licensing and regulations

b) paying fees of no more than $100.00

c) to assist with the 9 digit random alphabet registry.

8. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court.

9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.

11. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.This shall
12. become effective on December 6th 2018.

13. In the November general of 2020, voters shall vote to repeal the above sections 1 through 12 & replace it with the below section 14 through 26. A yes vote approve the repeal above sections 1 through 12 and replace with below sections 14 through 26. If voters fail shall to vote yes, the above sections 1 though 12 remains and voters shall vote again every four years until voters vote yes. Because such voter is contingent on the passage of 1 though 12, voters will neither be asked to repeal 1 though 12 and replace with 14 through 26 if 1 though 12 don't pass.

14.The following shall be called the Cannabis Legalization Amendment

15.Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

16. The Missouri legislature my pass laws that doesn't conflict with this amendment. Marijuana shall shall not be listed in Missouri Controlled Substance to reflect the change that cannabis as defined in section 14; clause a, are permitted for personal use for persons 21 of age or older and shall be available with a doctor's recommendation without an age limit. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture.

a) Adult Possession of cannabis for personal at 21 years or older.

b) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

c) Providing cannabis, cannabis accessories, and products for sale to consumers. Retail cannabis products for medical or personal use shall contain appropriate labeling, which outlines the weight and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis. Labels shall not be false or misleading, and should be based on data derived from scientific study and prevailing human experience

17. Medical cannabis shall be available to patients who have a physician's recommendation.

a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for, nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.

Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

18. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.

19. Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for medical treatment

20. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.

21. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for nonviolent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.

(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related nonviolent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.

22. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.

23. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

24. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

25. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:

26. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 21 (2018-216)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ (Name of Payer)

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____ Signature of Notary

My commission expires _____.

_____ Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502 and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next two years, until it reaches $11.00 per hour, effective January 1, 2021. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2022, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-216)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502 and 290.527, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $9.00 per hour, beginning January 1, 2019 and by another $1.00 per hour each year until it reaches $11.00 per hour beginning January 1, 2021. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

The proposal exempts public employers from both requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects, which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated they do not predict an immediate fiscal impact upon their office if Missouri's minimum wage rate were increased to $11.00 per hour. However, the potential future impact of applying cost of living increases and/or increases in the federal minimum wage to a Missouri minimum wage of $11.00 per hour, as called for elsewhere in Section 290.502, RSMo., is unknown.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a substantial negative fiscal impact on the university. A proposed minimum wage increase, beginning January 2019 to $9.00 an hour would increase current payroll expenditures by approximately $455,840.00. With the proposed $1.00 increase for the next two years payroll expenditures could increase approximately $1,236,640.00. These payroll increases would be detrimental to the university.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action
2725 Clifton
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Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

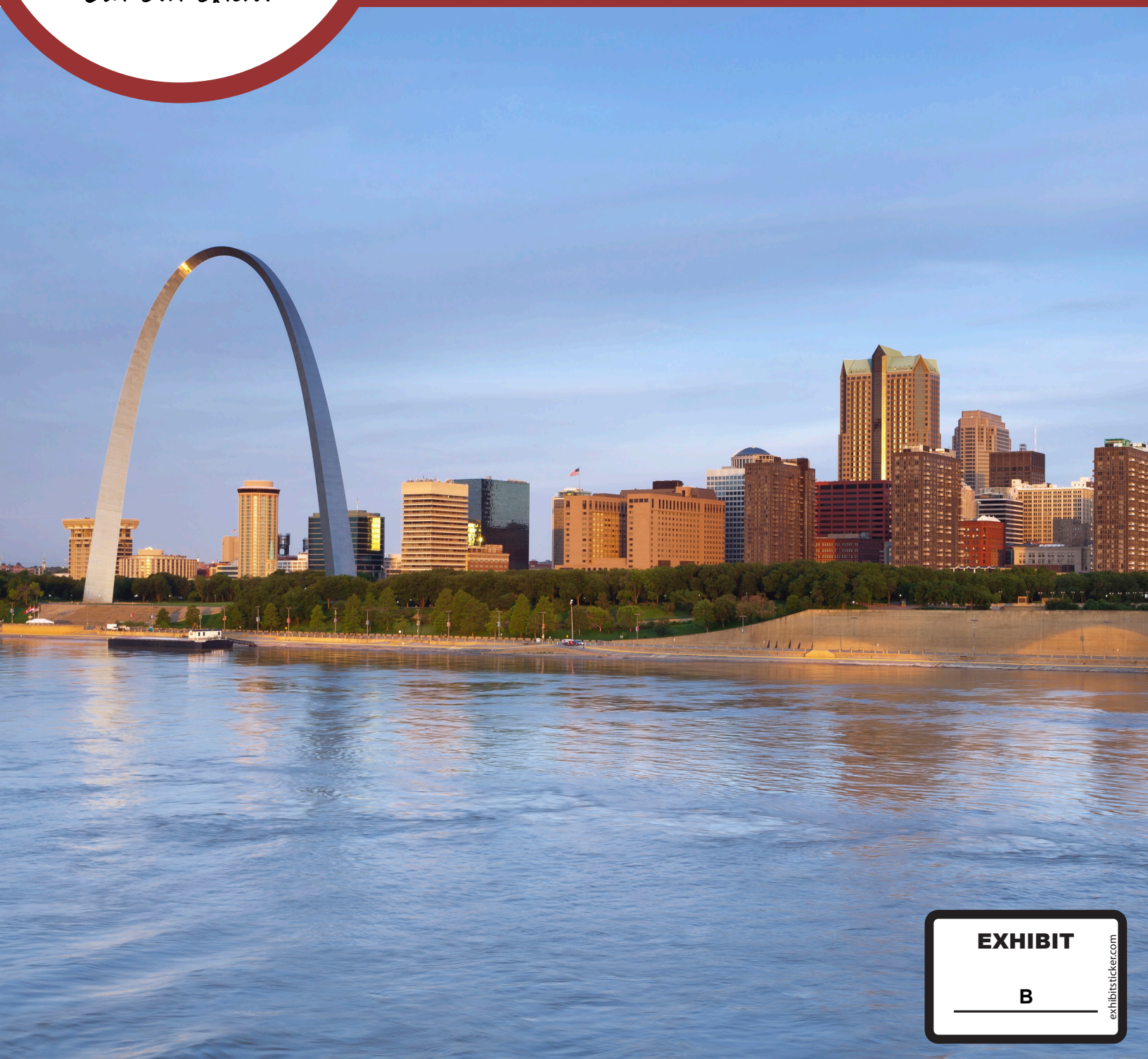
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

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3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could increase by an unknown annual amount ranging from $20,000 to $170 million depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 20 (2018-215)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ (Name of Payer)

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____ Signature of Notary

My commission expires _____.

_____ Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Section 290.502 of the Revised Statutes of Missouri is amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.75 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.75 per hour, effective January 1 of each of the next three years, until it reaches $11.00 per hour, effective January 1, 2022. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2023, and on January 1 of successive years, per the method set forth in subsection (2) of this section.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-215)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $8.75 per hour, beginning January 1, 2019 and by another $0.75 per hour each year until it reaches $11.00 per hour beginning January 1, 2022. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

The proposal exempts public employers from both requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects, which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated they do not predict an immediate fiscal impact upon their office if Missouri's minimum wage rate were increased to $11.00 per hour. However, the potential future impact of applying cost of living increases and/or increases in the federal minimum wage to a Missouri minimum wage of $11.00 per hour, as called for elsewhere in Section 290.502, RSMo., is unknown.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a severe negative fiscal impact on the university. The proposed minimum wage increase to $8.75 per hour beginning in 2019 and continuing with .75 increases for the next 3 years to $11.00 per hour will result in approximately $1,236,000.00 increase in a three year span in their payroll expenditures. This increase would be detrimental to the university.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

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Missouri Jobs with Justice Voter Action
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Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

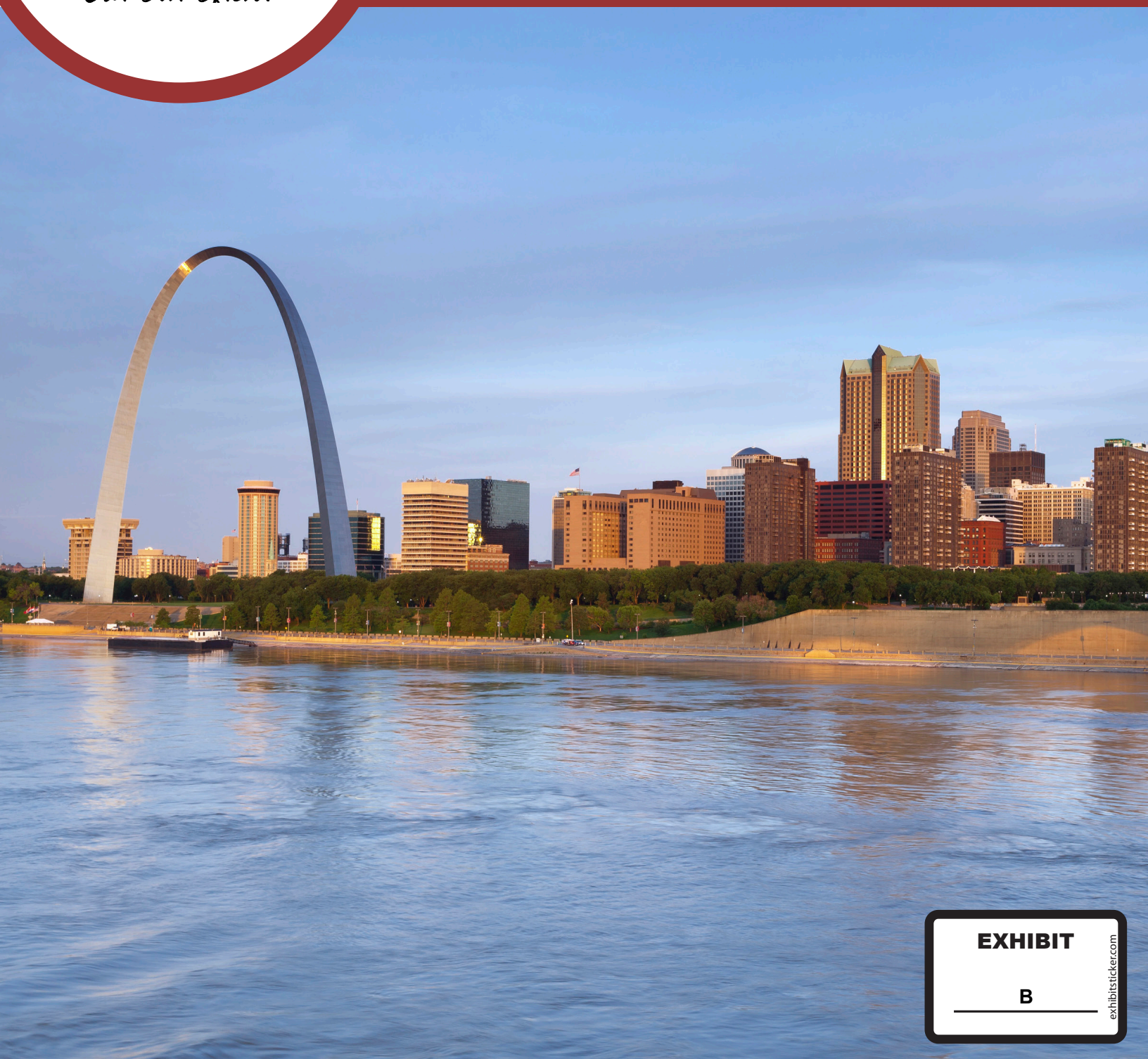
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

EXHIBIT
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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

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"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

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"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

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"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

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"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

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"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

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Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could increase by an unknown annual amount ranging from $600,000 to $164 million depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 19 (2018-214)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ (Name of Payer)

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____ Signature of Notary

My commission expires _____.

_____ Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Section 290.502 of the Revised Statutes of Missouri is amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.75 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.75 per hour, effective January 1 of each of the next three years, until it reaches $11.00 per hour, effective January 1, 2022. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2023, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-214)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $8.75 per hour, beginning January 1, 2019 and by another $0.75 per hour each year until it reaches $11.00 per hour beginning January 1, 2022. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

The proposal exempts public employers from both requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects, which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated they do not predict an immediate fiscal impact upon their office if Missouri's minimum wage rate were increased to $11.00 per hour. However, the potential future impact of applying cost of living increases and/or increases in the federal minimum wage to a Missouri minimum wage of $11.00 per hour, as called for elsewhere in Section 290.502, RSMo., is unknown.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a severe negative fiscal impact on the university. The proposed minimum wage increase to $8.75 per hour beginning in 2019 and continuing with .75 increases for the next 3 years to $11.00 per hour will result in approximately $1,236,000.00 increase in a three year span in their payroll expenditures. This increase would be detrimental to the university.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

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Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

Graves Garrett LLC

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

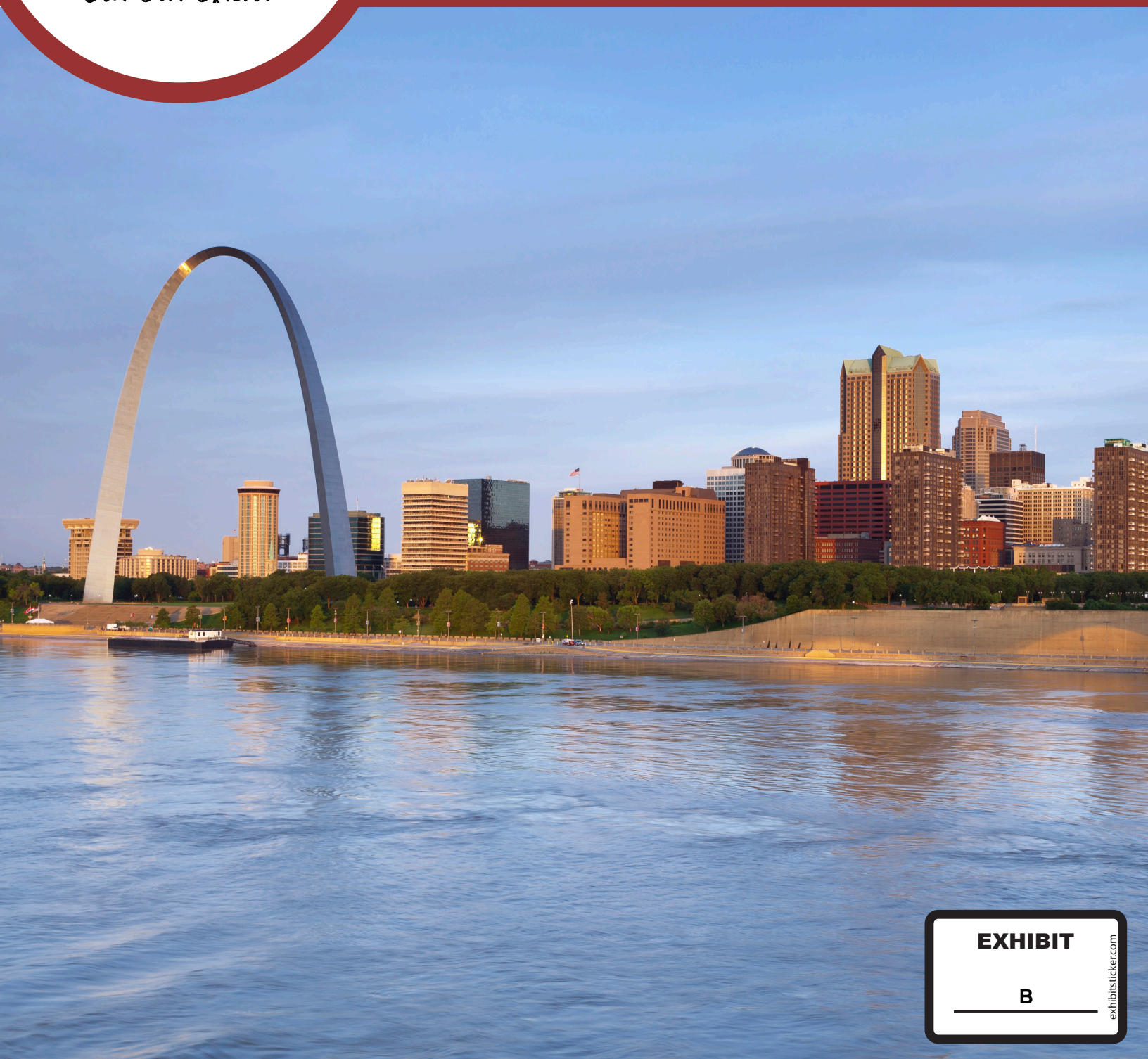
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
Eat Out Often!

TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

EXHIBIT
A
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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

---

[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

---

[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could increase by an unknown annual amount ranging from $600,000 to $164 million depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 18 (2018-213)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502 and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.75 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.75 per hour, effective January 1 of each of the next three years, until it reaches $11.00 per hour, effective January 1, 2022. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2023, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-213)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502 and 290.527, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $8.75 per hour, beginning January 1, 2019 and by another $0.75 per hour each year until it reaches $11.00 per hour beginning January 1, 2022. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

The proposal exempts public employers from both requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects, which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated they do not predict an immediate fiscal impact upon their office if Missouri's minimum wage rate were increased to $11.00 per hour. However, the potential future impact of applying cost of living increases and/or increases in the federal minimum wage to a Missouri minimum wage of $11.00 per hour, as called for elsewhere in Section 290.502, RSMo., is unknown.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a severe negative fiscal impact on the university. The proposed minimum wage increase to $8.75 per hour beginning in 2019 and continuing with .75 increases for the next 3 years to $11.00 per hour will result in approximately $1,236,000.00 increase in a three year span in their payroll expenditures. This increase would be detrimental to the university.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

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Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

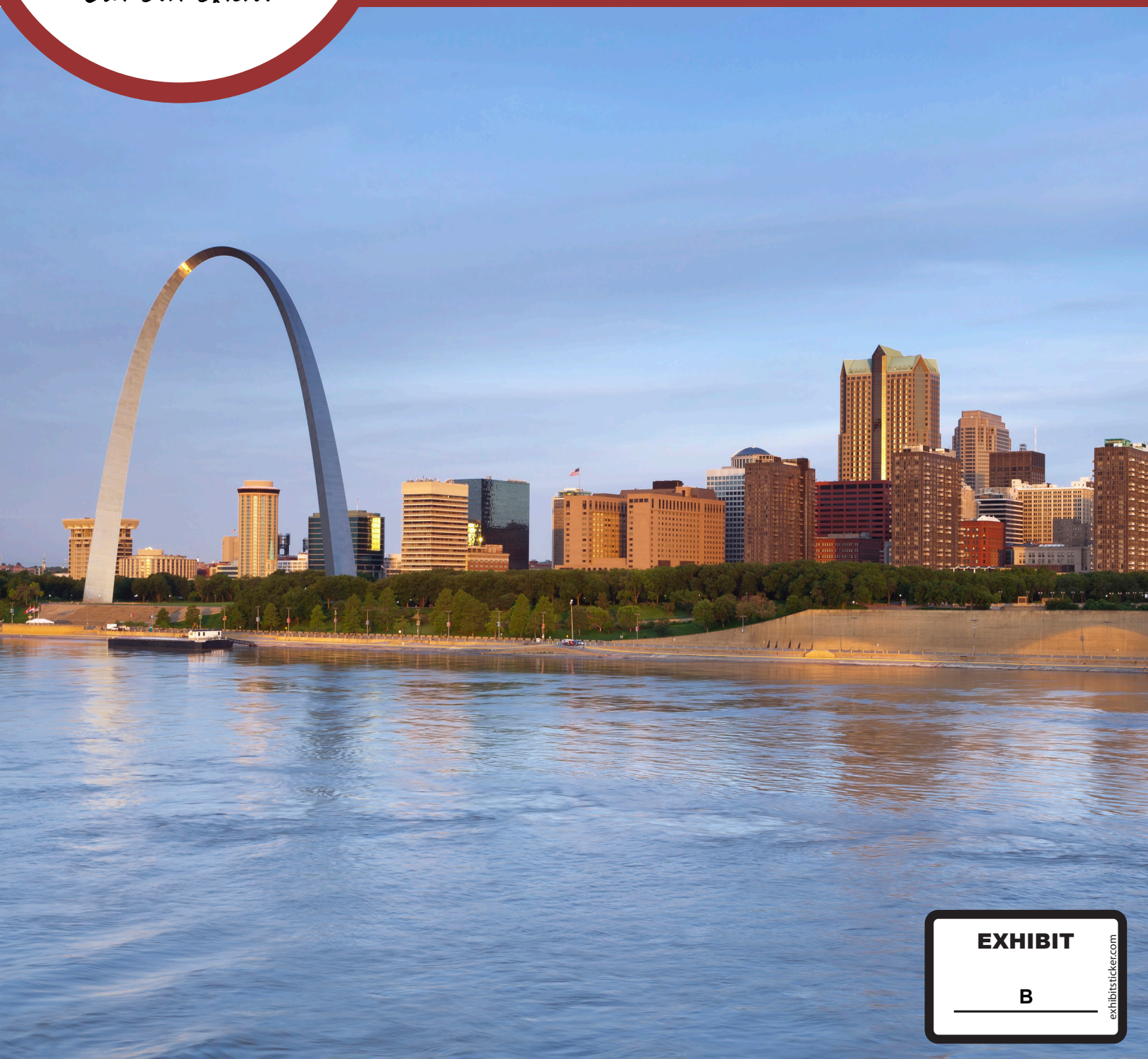
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Department of Economics
Trinity University
One Trinity Place
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Webpage: http://www.davemacpherson.com

Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could increase by an unknown annual amount ranging from $600,000 to $164 million depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 17 (2018-212)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201_____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Section 290.502 of the Revised Statutes of Missouri is amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.75 per hour, effective January 1 of each of the next six years, until it reaches $13.00 per hour, effective January 1, 2025. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2026, and on January 1 of successive years, per the method set forth in subsection (2) of this section.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-212)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502 RSMo, and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $8.50 per hour, beginning January 1, 2019 and by another $0.75 per hour each year until it reaches $13.00 per hour beginning January 1, 2025. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

The proposal exempts public employers from both requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office, as it would not apply to state employees.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a severe negative impact on the university. A projected minimum wage increase in 2019 to $8.50 an hour would increase their payroll expenditure for 2019 by approximately $275,800.00. With a proposed increase of .75 per hour for six years, reaching $13.00 an hour by 2025 their payroll expenses would see an approximate increase of $2,039,200.00, proving to be detrimental to the university.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

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Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

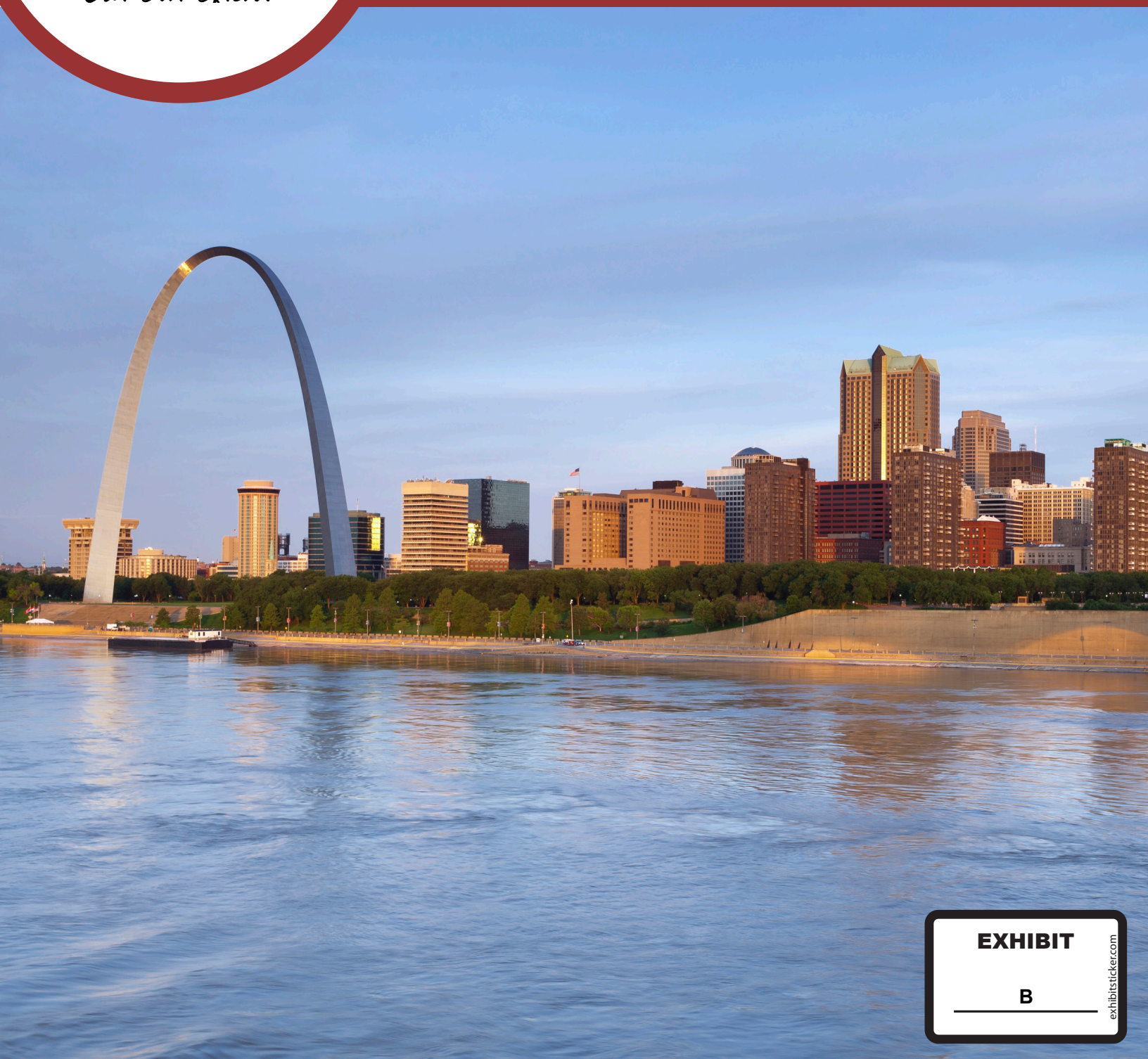
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $7.5 million decrease to a $261 million increase depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 16 (2018-211)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Section 290.502 of the Revised Statutes of Missouri is amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.75 per hour, effective January 1 of each of the next six years, until it reaches $13.00 per hour, effective January 1, 2025. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2026, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-211)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502 RSMo, and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $8.50 per hour, beginning January 1, 2019 and by another $0.75 per hour each year until it reaches $13.00 per hour beginning January 1, 2025. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

The proposal exempts public employers from both requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office, as it would not apply to state employees.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a severe negative impact on the university. A projected minimum wage increase in 2019 to $8.50 an hour would increase their payroll expenditure for 2019 by approximately $275,800.00. With a proposed increase of .75 per hour for six years, reaching $13.00 an hour by 2025 their payroll expenses would see an approximate increase of $2,039,200.00, proving to be detrimental to the university.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action
2725 Clifton
St. Louis, MO 63139

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

Graves Garrett LLC

4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

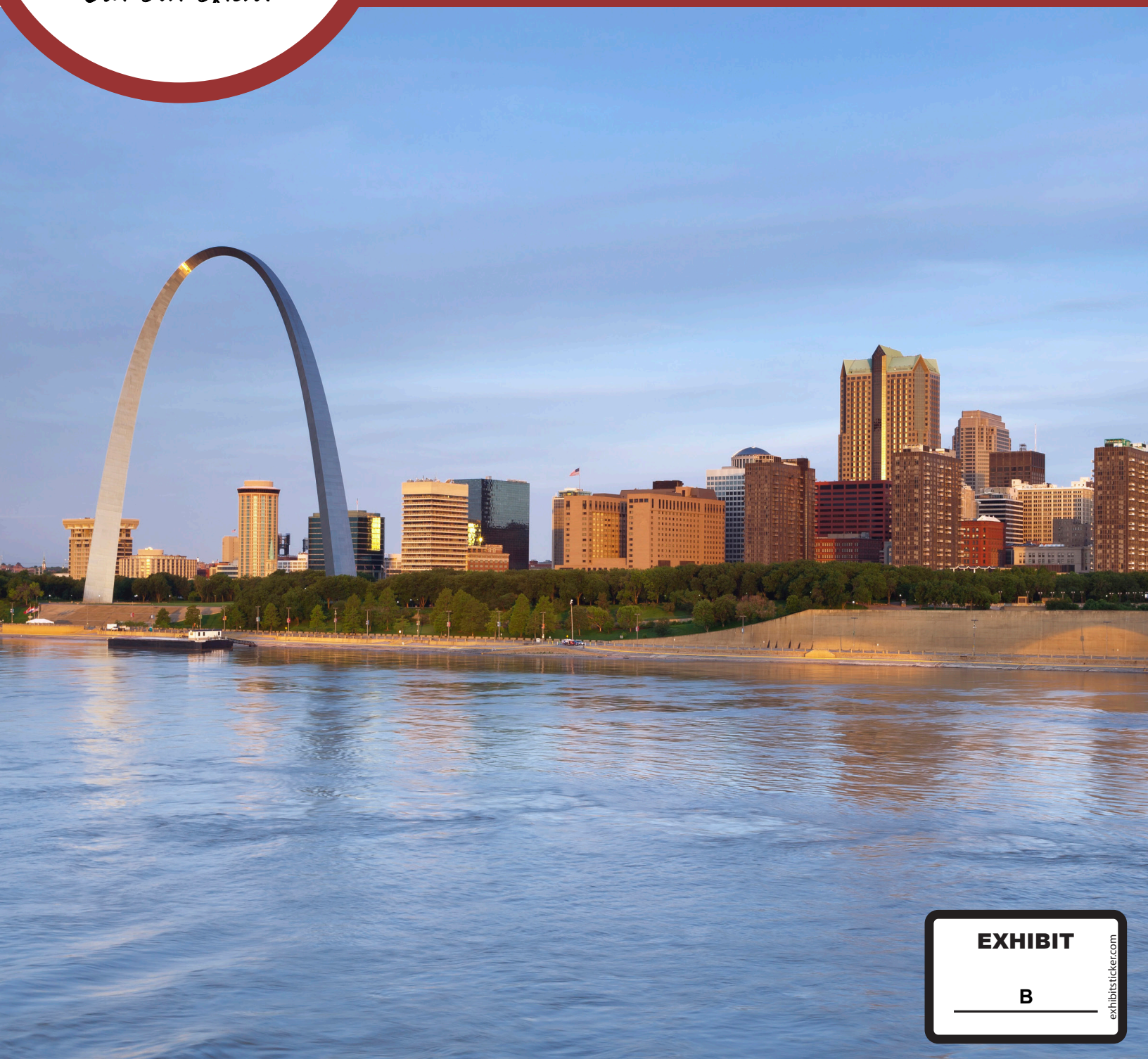
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $7.5 million decrease to a $261 million increase depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 15 (2018-210)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ (Name of Payer)

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____ Signature of Notary

My commission expires _____.

_____ Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502 and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.75 per hour, effective January 1 of each of the next six years, until it reaches $13.00 per hour, effective January 1, 2025. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2026, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-210)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502 and 290.527, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $8.50 per hour, beginning January 1, 2019 and by another $0.75 per hour each year until it reaches $13.00 per hour beginning January 1, 2025. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

The proposal exempts public employers from both requirements; therefore there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office, as it would not apply to state employees.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a severe negative impact on the university. A projected minimum wage increase in 2019 to $8.50 an hour would increase their payroll expenditure for 2019 by approximately $275,800.00. With a proposed increase of .75 per hour for six years, reaching $13.00 an hour by 2025 their payroll expenses would see an approximate increase of $2,039,200.00, proving to be detrimental to the university.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action
2725 Clifton
St. Louis, MO 63139

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

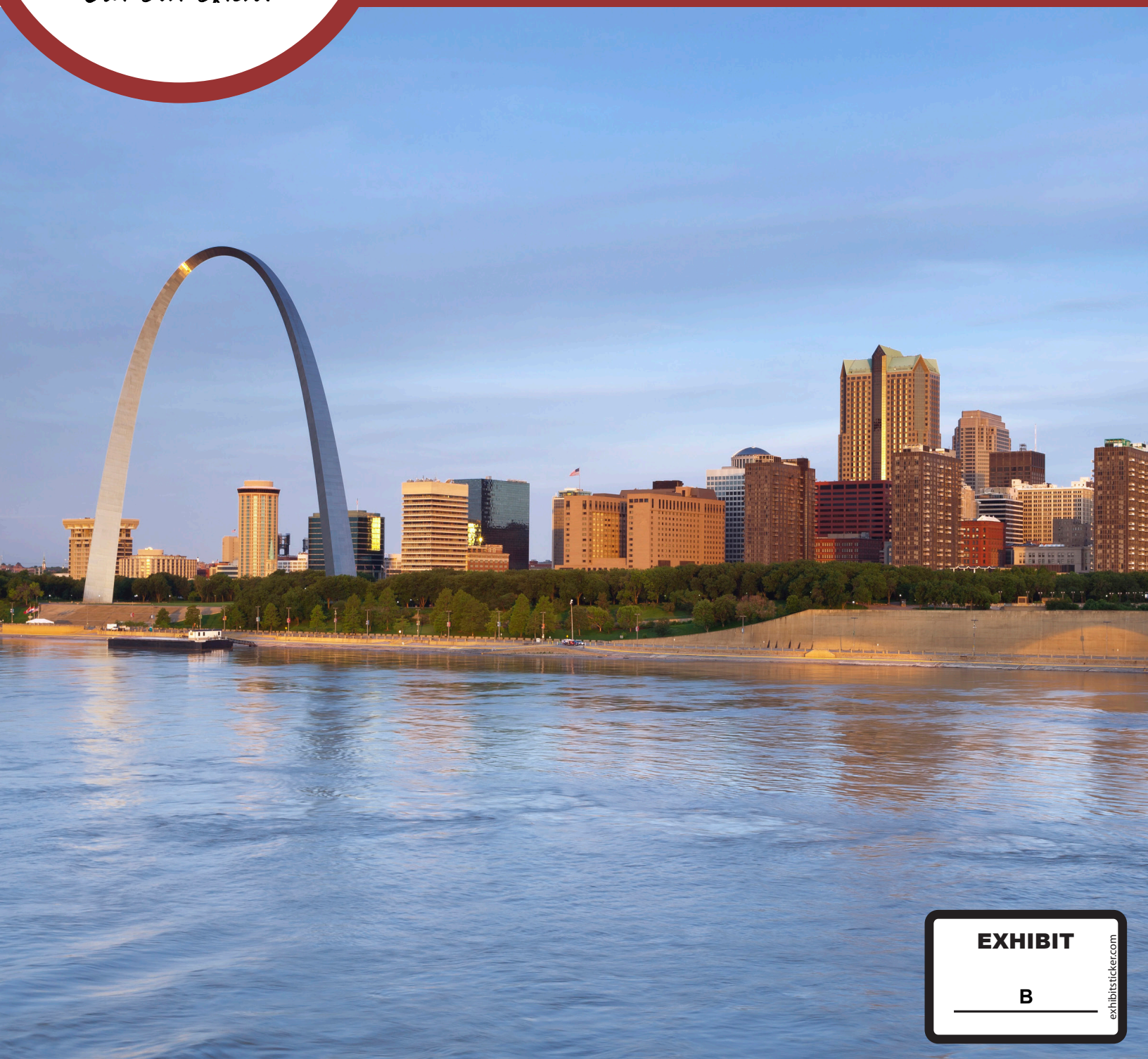
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

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Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

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Journal Publications (Economics)

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U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

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University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $7.5 million decrease to a $261 million increase depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 14 (2018-209)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Section 290.502 of the Revised Statutes of Missouri is amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.70 per hour, effective January 1 of each of the next five years, until it reaches $12.00 per hour, effective January 1, 2024. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2025, and on January 1 of successive years, per the method set forth in subsection (2) of this section.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-209)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502 and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $8.50 per hour, beginning January 1, 2019 and by another $0.70 per hour each year until it reaches $12.00 per hour beginning January 1, 2024. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

The proposal exempts public employers from the requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects, which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated they do not predict an immediate fiscal impact upon their office if Missouri's minimum wage rate were increased to $12.00 per hour. However, the potential future impact of applying cost of living increases and/or increases in the federal minimum wage to a Missouri minimum wage of $12.00 per hour, as called for elsewhere in Section 290.502, RSMo., is unknown.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a severe negative impact on the university. Payroll expenses will increase in 2019 approximately $275,800.00 and increase annually with an overall projected increase in 2024 of $1,635,000.00. The projections are based on a starting minimum wage of $8.50 per hour in 2019, increasing .70 an hour annually until 2024 when the proposed fiscal note would reach $12.00 an hour.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action
2725 Clifton
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Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

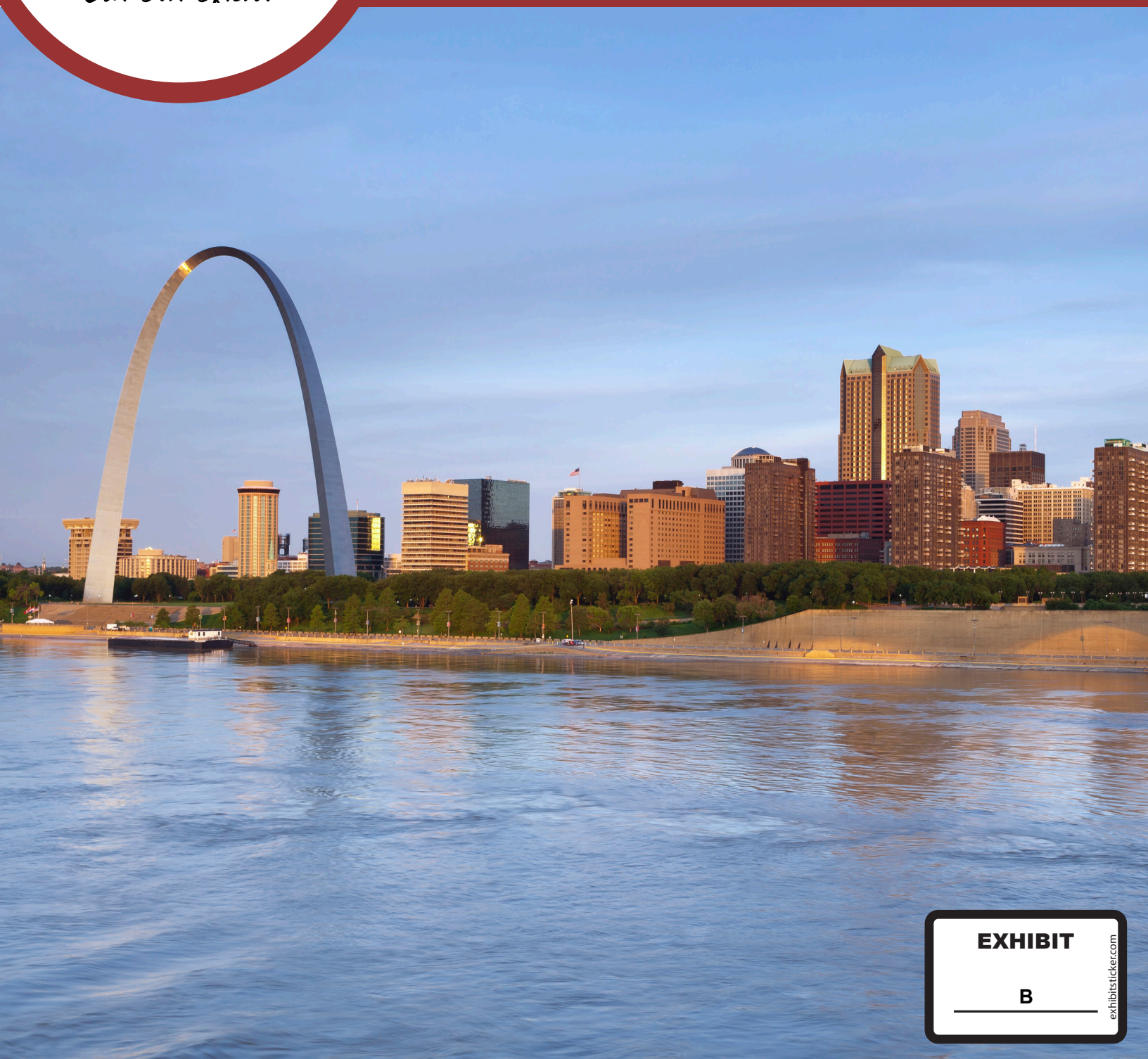
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
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San Antonio, TX 78212

March 26, 2012

EXHIBIT
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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

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"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

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"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

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"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

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"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

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"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

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"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

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"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

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"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

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"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

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"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $1.7 million decrease to a $207 million increase depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
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ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 13 (2018-208)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Section 290.502 of the Revised Statutes of Missouri is amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.70 per hour, effective January 1 of each of the next five years, until it reaches $12.00 per hour, effective January 1, 2024. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2025, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-208)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502 and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $8.50 per hour, beginning January 1, 2019 and by another $0.70 per hour each year until it reaches $12.00 per hour beginning January 1, 2024. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

The proposal exempts public employers from the requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects, which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated they do not predict an immediate fiscal impact upon their office if Missouri's minimum wage rate were increased to $12.00 per hour. However, the potential future impact of applying cost of living increases and/or increases in the federal minimum wage to a Missouri minimum wage of $12.00 per hour, as called for elsewhere in Section 290.502, RSMo., is unknown.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a severe negative impact on the university. Payroll expenses will increase in 2019 approximately $275,800.00 and increase annually with an overall projected increase in 2024 of $1,635,000.00. The projections are based on a starting minimum wage of $8.50 per hour in 2019, increasing .70 an hour annually until 2024 when the proposed fiscal note would reach $12.00 an hour.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

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Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

Graves Garrett LLC

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

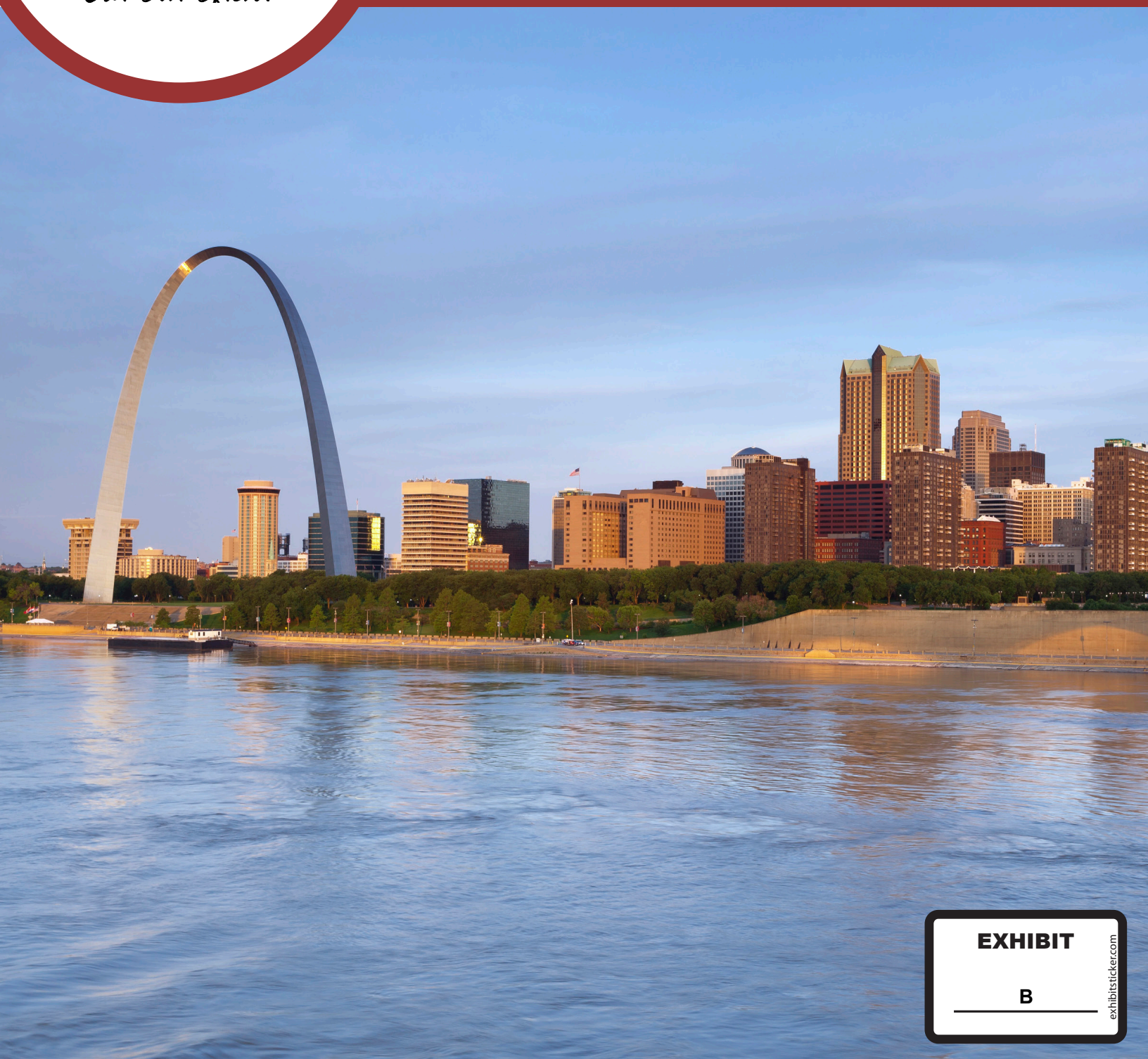
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
Eat Out Often!

TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

EXHIBIT
A
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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

---

[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

---

[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $1.7 million decrease to a $207 million increase depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 12 (2018-207)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ (Name of Payer)

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____ Signature of Notary

My commission expires _____.

_____ Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502 and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.70 per hour, effective January 1 of each of the next five years, until it reaches $12.00 per hour, effective January 1, 2024. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2025, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-207)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502 and 290.527 and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $8.50 per hour, beginning January 1, 2019 and by another $0.70 per hour each year until it reaches $12.00 per hour beginning January 1, 2024. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

The proposal exempts public employers from the requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects, which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated they do not predict an immediate fiscal impact upon their office if Missouri's minimum wage rate were increased to $12.00 per hour. However, the potential future impact of applying cost of living increases and/or increases in the federal minimum wage to a Missouri minimum wage of $12.00 per hour, as called for elsewhere in Section 290.502, RSMo., is unknown.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a severe negative impact on the university. Payroll expenses will increase in 2019 approximately $275,800.00 and increase annually with an overall projected increase in 2024 of $1,635,000.00. The projections are based on a starting minimum wage of $8.50 per hour in 2019, increasing .70 an hour annually until 2024 when the proposed fiscal note would reach $12.00 an hour.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

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Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

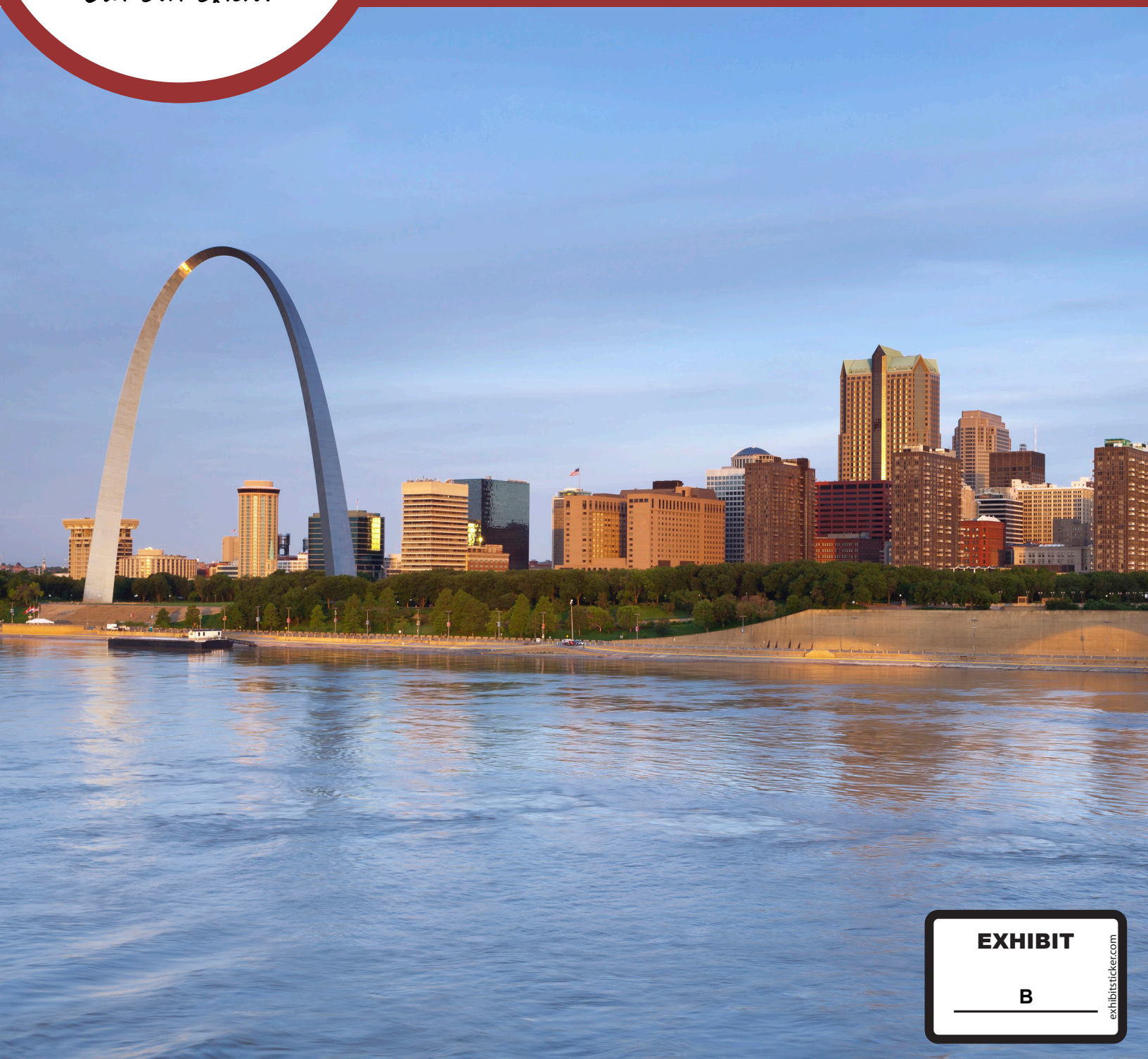
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
Eat Out Often!

TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

EXHIBIT
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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $1.7 million decrease to a $207 million increase depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 11 (2018-206)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Section 290.502 of the Revised Statutes of Missouri is amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.60 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.85 per hour, effective January 1 of each of the next four years, until it reaches $12.00 per hour, effective January 1, 2023. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2024, and on January 1 of successive years, per the method set forth in subsection (2) of this section.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-206)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Section 290.502 and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $8.60 per hour, beginning January 1, 2019 and by another $0.85 per hour each year until it reaches $12.00 per hour beginning January 1, 2023. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

The proposal exempts public employers from the requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects, which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated they do not predict an immediate fiscal impact upon their office if Missouri's minimum wage rate were increased to $12.00 per hour. However, the potential future impact of applying cost of living increases and/or increases in the federal minimum wage to a Missouri minimum wage of $12.00 per hour, as called for elsewhere in Section 290.502, RSMo., is unknown.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a severe negative impact on the university. The proposed minimum wages increases beginning in 2019 at $8.60 per hour; with .85 increases for the next four years, 2023 @ $12.00 an hour, they project the overall increase in payroll expenditures to be in access of $200,000.00 in 2019 and more than $1,000,000.00 by 2023; resulting in the severe negative fiscal impact to the university.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

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Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

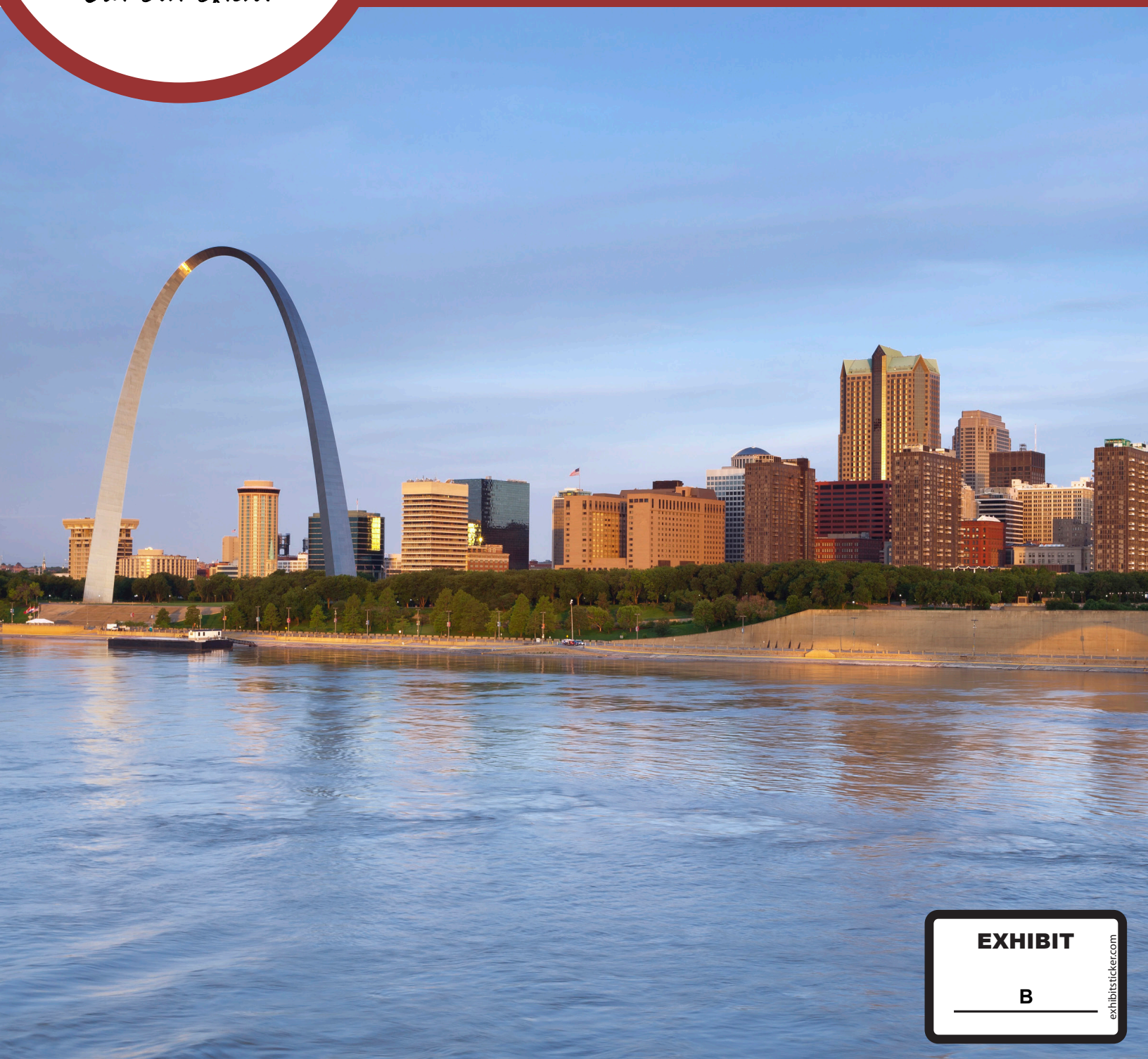
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $2.9 million decrease to a $214 million increase depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 10 (2018-205)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ (Name of Payer)

_____ Signature of Affiant (Person obtaining signatures)

_____ Printed Name of Affiant

_____ Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____ Signature of Notary

My commission expires _____.

_____ Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Section 290.502 of the Revised Statutes of Missouri is amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.60 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.85 per hour, effective January 1 of each of the next four years, until it reaches $12.00 per hour, effective January 1, 2023. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2024, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-205)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Section 290.502 and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $8.60 per hour, beginning January 1, 2019 and by another $0.85 per hour each year until it reaches $12.00 per hour beginning January 1, 2023. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

The proposal exempts public employers from the requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects, which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated they do not predict an immediate fiscal impact upon their office if Missouri's minimum wage rate were increased to $12.00 per hour. However, the potential future impact of applying cost of living increases and/or increases in the federal minimum wage to a Missouri minimum wage of $12.00 per hour, as called for elsewhere in Section 290.502, RSMo., is unknown.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a severe negative impact on the university. The proposed minimum wages increases beginning in 2019 at $8.60 per hour; with .85 increases for the next four years, 2023 @ $12.00 an hour, they project the overall increase in payroll expenditures to be in access of $200,000.00 in 2019 and more than $1,000,000.00 by 2023; resulting in the severe negative fiscal impact.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action
2725 Clifton
St. Louis, MO 63139

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

Graves Garrett LLC

4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

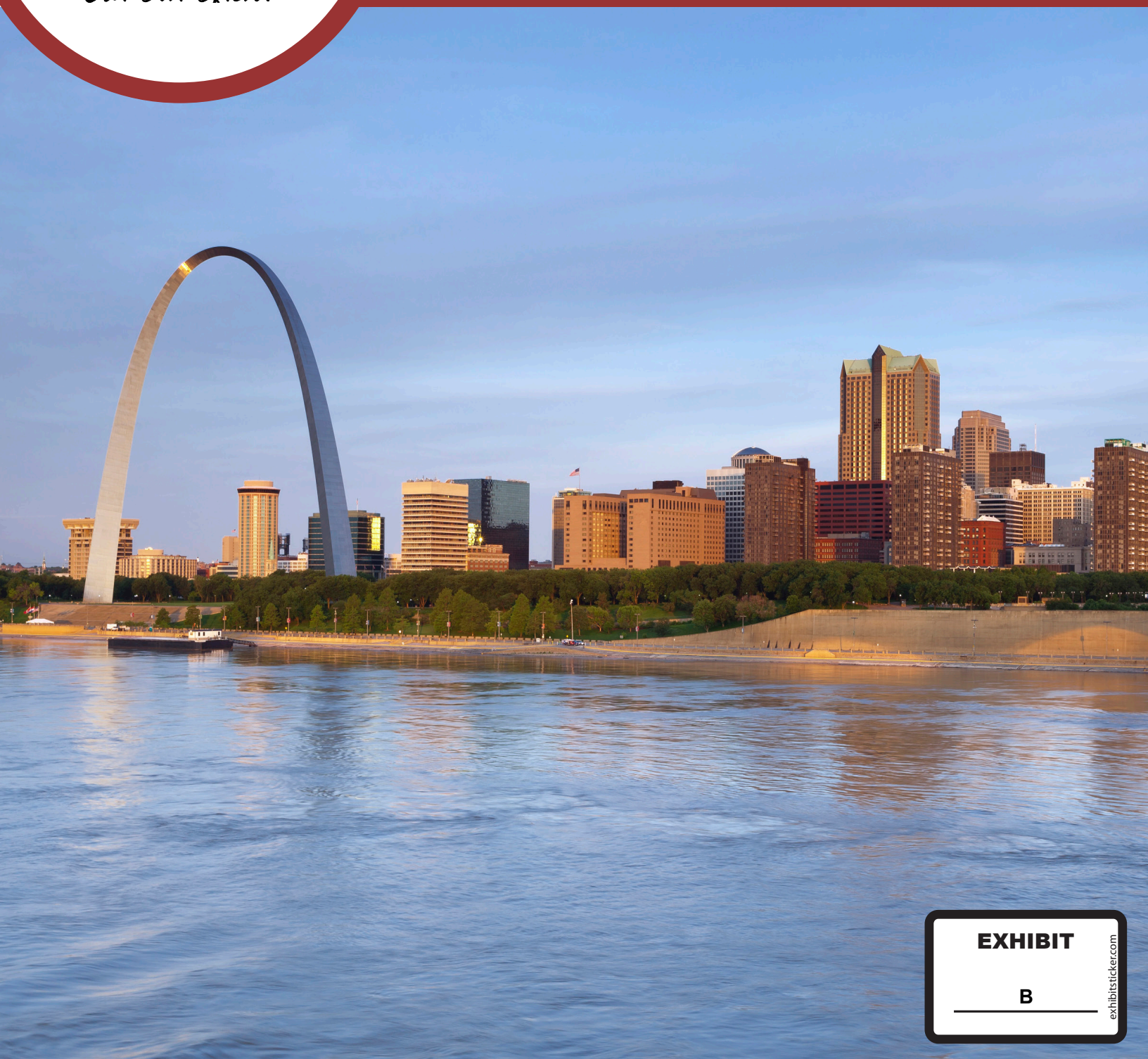
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $2.9 million decrease to a $214 million increase depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 9 (2018-204)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201_____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502 and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.60 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.85 per hour, effective January 1 of each of the next four years, until it reaches $12.00 per hour, effective January 1, 2023. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2024, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-204)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502 and 290.527 and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $8.60 per hour, beginning January 1, 2019 and by another $0.85 per hour each year until it reaches $12.00 per hour beginning January 1, 2023. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

The proposal exempts public employers from the requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects, which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated they do not predict an immediate fiscal impact upon their office if Missouri's minimum wage rate were increased to $12.00 per hour. However, the potential future impact of applying cost of living increases and/or increases in the federal minimum wage to a Missouri minimum wage of $12.00 per hour, as called for elsewhere in Section 290.502, RSMo., is unknown.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a severe negative impact on the university. The proposed minimum wages increases beginning in 2019 at $8.60 per hour; with .85 increases for the next four years, 2023 @ $12.00 an hour, they project the overall increase in payroll expenditures to be in access of $200,000.00 in 2019 and more than $1,000,000.00 by 2023; resulting in the severe negative fiscal impact.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action
2725 Clifton
St. Louis, MO 63139

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

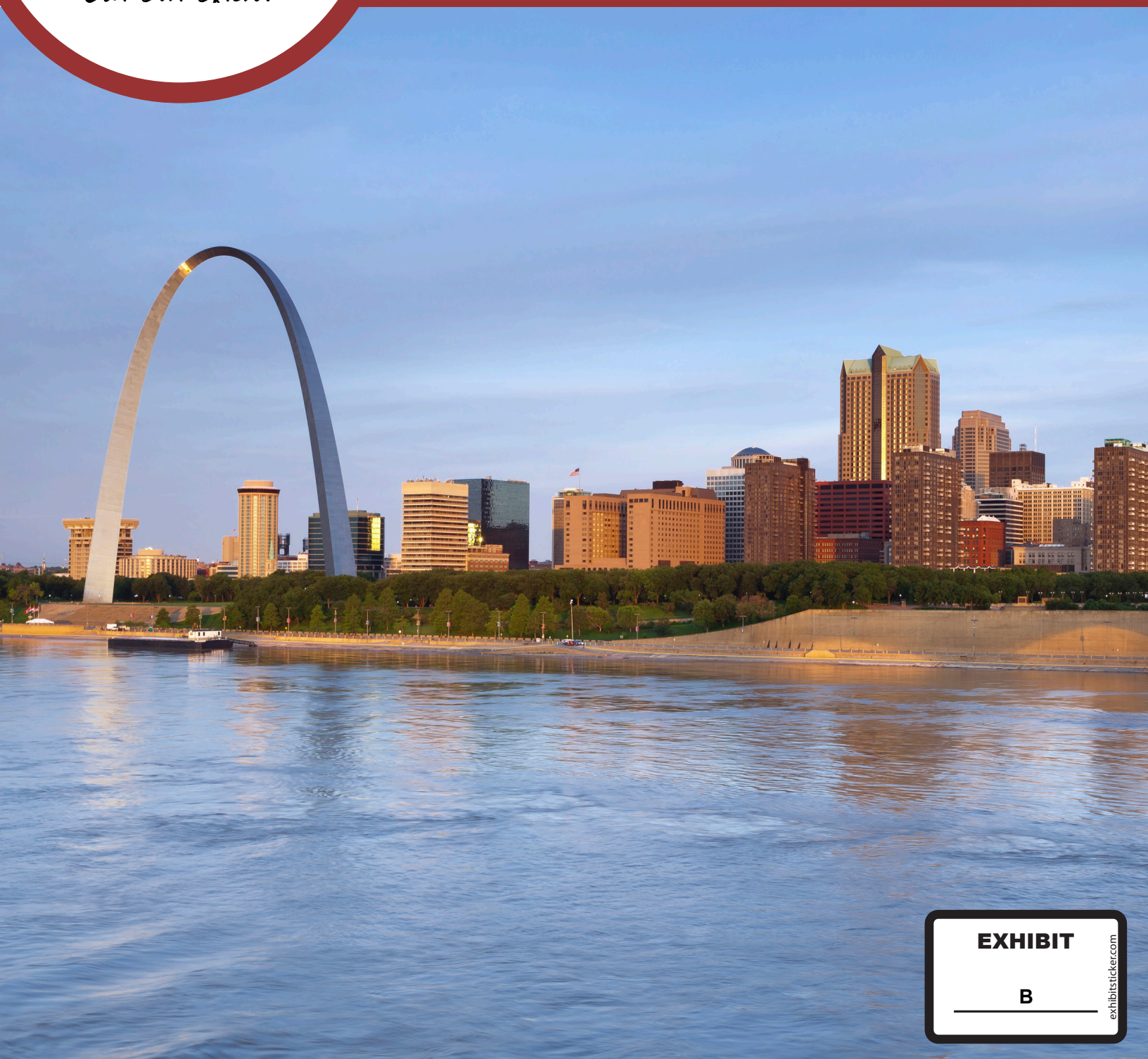
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

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Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

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Journal Publications (Economics)

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U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

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University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $2.9 million decrease to a $214 million increase depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 8 (2018-203)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.75 per hour, effective January 1 of each of the next six years, until it reaches $13.00 per hour, effective January 1, 2025. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2026, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-one percent, effective January 1, 2019;
(2) fifty-three percent, effective January 1, 2020;
(3) fifty-five percent, effective January 1, 2021;
(4) fifty-seven percent, effective January 1, 2022;
(5) fifty-eight percent, effective January 1, 2023;
(6) sixty percent, effective January 1, 2024;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at

the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-203)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $8.50 per hour, beginning January 1, 2019 and by another $0.75 per hour each year until it reaches $13.00 per hour beginning January 1, 2025. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 51% of the minimum wage rate to tipped employees. Each year thereafter the rate increases until January 1, 2024 when tipped employees should be paid 60% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);
- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office, as it would not apply to state employees.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a severe negative fiscal impact on the university. With the proposed minimum wage increase beginning in 2019 at $8.50 per hour and proposed .75 annual increases for the next six years their payroll expenditures will increase steadily reaching a $2,039,000.00 projected increase in 2025. These additional expenditures will have a severe negative impact on the university.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

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Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

Graves Garrett LLC

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

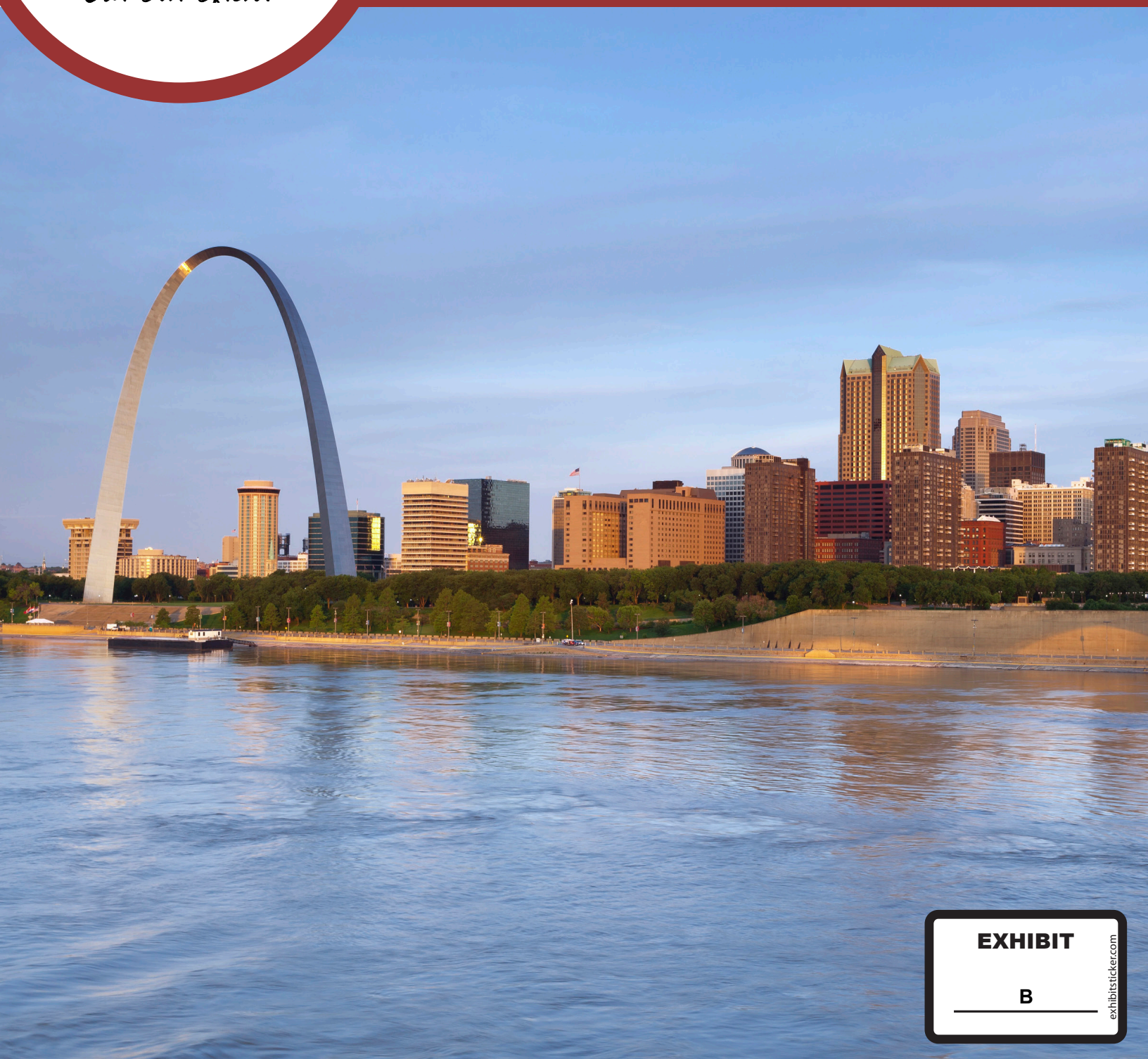
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
Eat Out Often!

TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

EXHIBIT
A
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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

---

[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

---

[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $7.5 million decrease to a $262 million increase depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 7 (2018-202)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.25 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.75 per hour, effective January 1 of each of the next five years, until it reaches $12.00 per hour, effective January 1, 2024. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2025, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-five percent, effective January 1, 2019;
(2) sixty percent, effective January 1, 2020;
(3) sixty-five percent, effective January 1, 2021;
(4) seventy percent, effective January 1, 2022;
(5) seventy-five percent, effective January 1, 2023;
(6) eighty percent, effective January 1, 2024;
(7) eighty-five percent, effective January 1, 2025;
(8) ninety percent, effective January 1, 2026;
(9) ninety-five percent, effective January 1, 2027;
(10) one hundred percent, effective January 1, 2028;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-202)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $8.25 per hour, beginning January 1, 2019 and by another $0.75 per hour each year until it reaches $12.00 per hour beginning January 1, 2024. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 55% of the minimum wage rate to tipped employees. Each year thereafter the rate increases by five percent until January 1, 2028 when tipped employees should be paid 100% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects, which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);
- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated they do not predict an immediate fiscal impact upon their office if Missouri's minimum wage rate were increased to $12.00 per hour. However, the potential future impact of applying cost of living increases and/or increases in the federal minimum wage to a Missouri minimum wage of $12.00 per hour, as called for elsewhere in Section 290.502, RSMo., is unknown.

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a severe negative impact on the university. The proposed minimum wage increase in 2019 to $8.25 will impact their payroll expenditures by approximately $187,007.00. With continued increases as proposed annually to 2024 the over payroll increase will be approximately $1,637,920.00.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

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Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

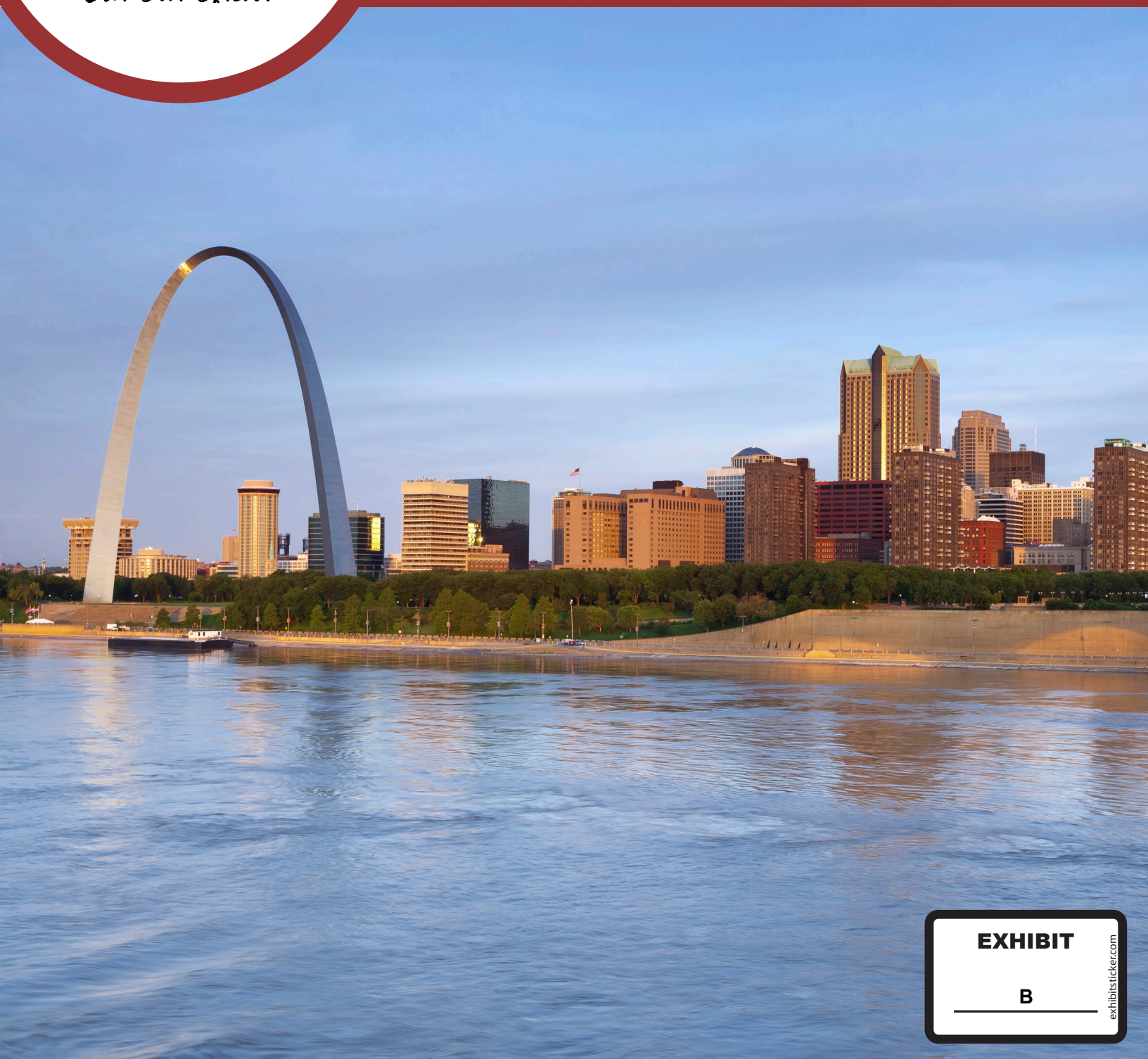
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $1.7 million decrease to a $211 million increase depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 6 (2018-201)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Section 290.502 of the Revised Statutes of Missouri is amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next four years, until it reaches $13.00 per hour, effective January 1, 2023. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2024, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-201)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502 and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $9.00 per hour, beginning January 1, 2019 and by another $1.00 per hour each year until it reaches $13.00 per hour beginning January 1, 2023. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

The proposal exempts public employers from the requirements; therefore there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office, as it would not apply to state employees.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a detrimental impact on the university. As proposed increasing minimum wage to $9.00 an hour up to and including $13.00 per hour by 2023 their payroll increases would escalate to a minimum of $455,840.00 with the first scheduled increase to $2,039,200.00 by 2023, the proposed date for minimum wage to reach $13.00 per hour. These additional expenditures would be devastating to the university's overall operations.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action
2725 Clifton
St. Louis, MO 63139

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

Graves Garrett LLC

4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

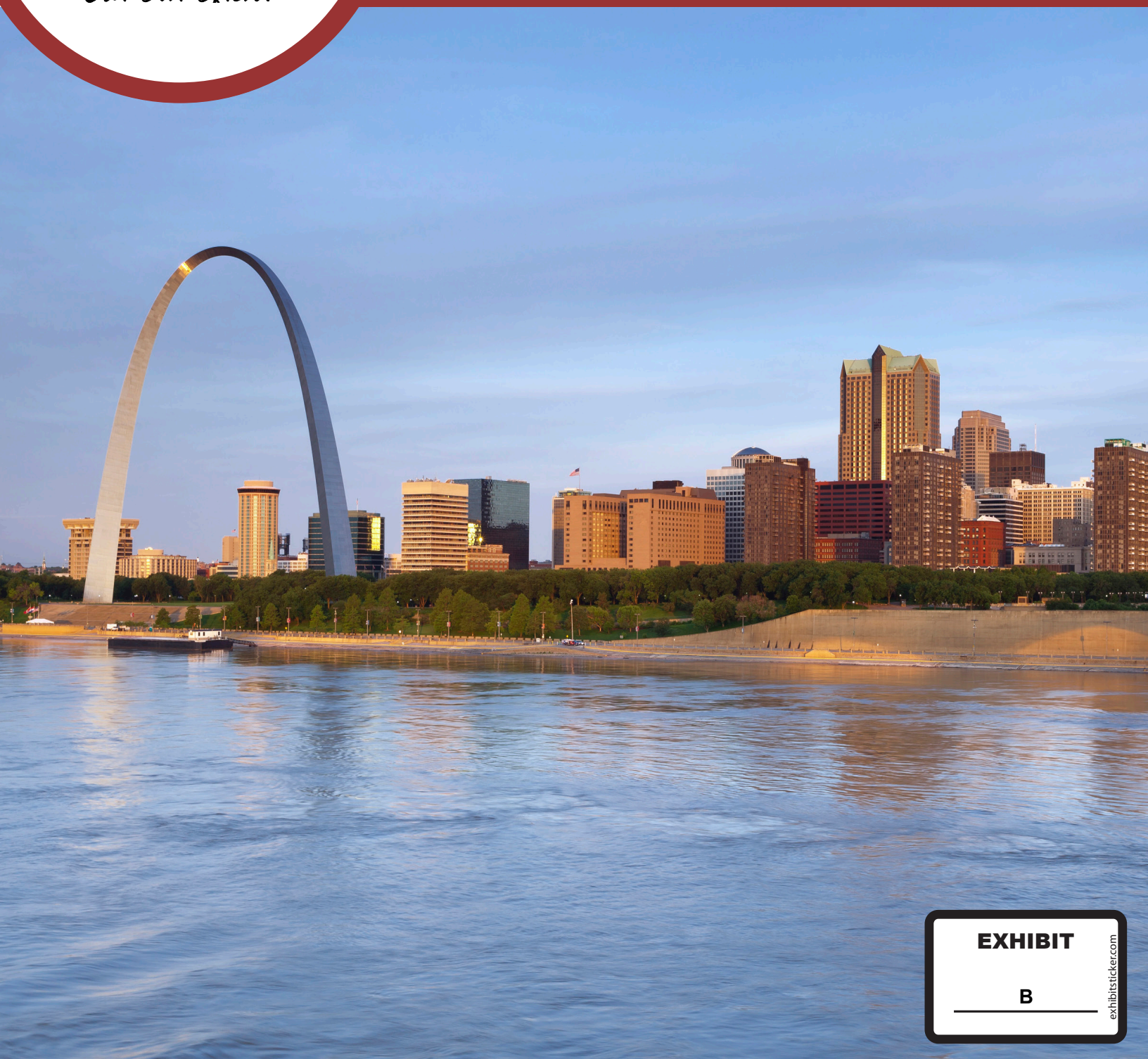
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $13.1 million decrease to a $278 million increase depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 5 (2018-200)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Section 290.502 of the Revised Statutes of Missouri is amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next three years, until it reaches $12.00 per hour, effective January 1, 2022. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2023, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-200)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502 and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $9.00 per hour, beginning January 1, 2019 and by another $1.00 per hour each year until it reaches $12.00 per hour beginning January 1, 2022. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

The proposal exempts public employers from the requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects, which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated they do not predict an immediate fiscal impact upon their office if Missouri's minimum wage rate were increased to $12.00 per hour. However, the potential future impact of applying cost of living increases and/or increases in the federal minimum wage to a Missouri minimum wage of $12.00 per hour, as called for elsewhere in Section 290.502, RSMo., is unknown.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a detrimental impact on the operations of the university. Beginning in 2019 with a minimum wage increase of $9.00 and continuing with $1.00 increases through 2022 their payroll expenditures will increase steadily and conclude in 2022 with a payroll budget increase exceeding $2,000,000.00. This negative impact on the university's budget would be detrimental.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action
2725 Clifton
St. Louis, MO 63139

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

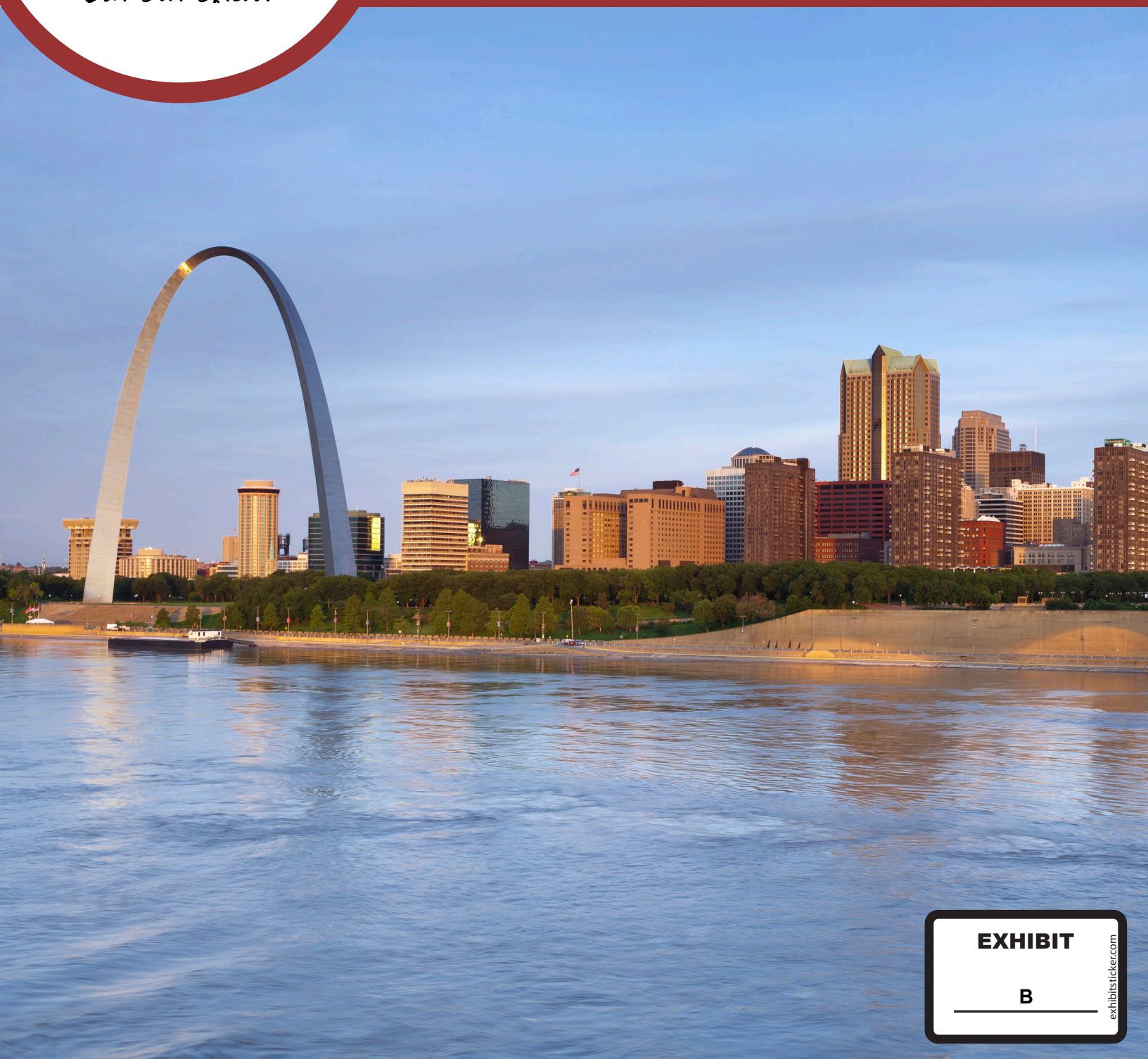
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

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B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

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Journal Publications (Economics)

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Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

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Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $4.4 million decrease to a $221 million increase depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 4 (2018-199)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

NOTICE: You are advised that the proposed law changes, repeals, or modifies by implication, or may be construed by some persons to change, repeal, or modify by implication, the following provisions of the Missouri Revised Statutes: Section 285.055 and Sections 290.502, 290.512, 290.527, and 290.528. The proposed law enacts two new sections to be known as sections 290.526 and 290.529.

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended, and two new sections to be known as sections 290.526 and 290.529 are enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next four years, until it reaches $13.00 per hour, effective January 1, 2023. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2024, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-one percent, effective January 1, 2019;
(2) fifty-three percent, effective January 1, 2020;
(3) fifty-five percent, effective January 1, 2021;
(4) fifty-seven percent, effective January 1, 2022;
(5) fifty-eight percent, effective January 1, 2023;
(6) sixty percent, effective January 1, 2024;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.526. Notwithstanding any other provision of law, as of the effective date of this section, municipalities, cities, counties, towns, and villages shall have the power to establish, mandate, or otherwise require an employer to pay wages to an employee who performs work while physically present within the boundaries of the municipality, city, county, town, or village, including employees not subject to the state or federal minimum wage, at a minimum rate per hour that exceeds the rate set under state or federal law, except that such a requirement shall not apply to employees employed by another local, state, or federal government entity or instrumentality.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-199)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Sections 290.526 and 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $9.00 per hour, beginning January 1, 2019 and by another $1.00 per hour each year until it reaches $13.00 per hour beginning January 1, 2023. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 51% of the minimum wage rate to tipped employees. Each year thereafter the rate increases until January 1, 2024 when tipped employees should be paid 60% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore there would be no cost to the State of Missouri.

Section 290.526 allows municipalities, cities, counties, towns and villages to implement a minimum wage that exceeds the state or federal minimum wage rate, but exempts local, state or federal government entities from the higher minimum wage rate.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);
- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office, as it would not apply to state employees.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university. The proposal will have a detrimental impact on the university. As proposed increasing minimum wage to $9.00 an hour up to and including $13.00 per hour by 2023 their payroll increases would escalate to a minimum of $455,840.00 to $2,039,200.00. These additional expenditures would be devastating to the university's overall operations.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

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Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

Graves Garrett LLC

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

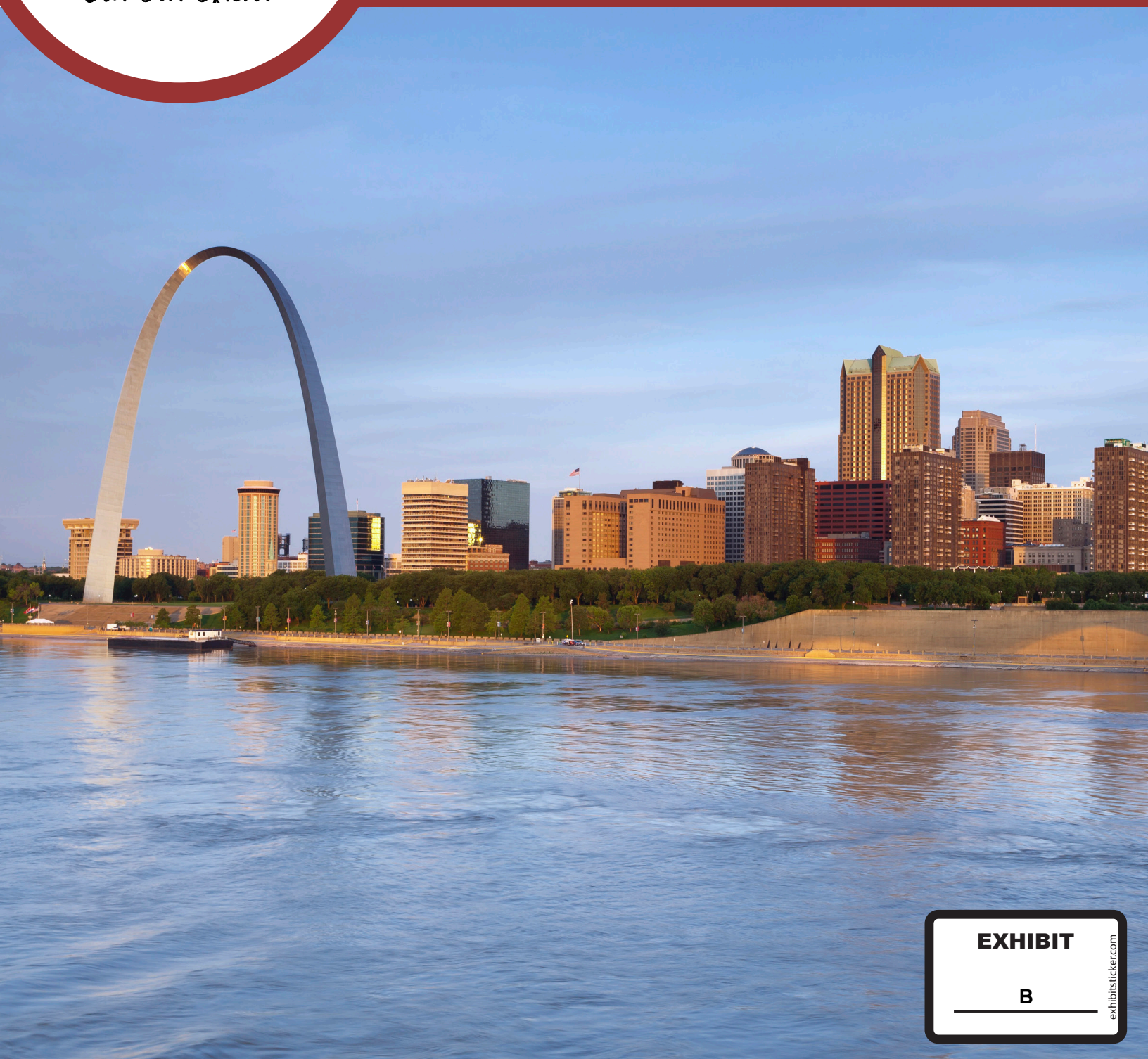
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
Eat Out Often!

TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

EXHIBIT
A
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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

---

[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

---

[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University,**. **Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $13.1 million decrease to a $279 million increase depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 3 (2018-198)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

NOTICE: You are advised that the proposed law changes, repeals, or modifies by implication, or may be construed by some persons to change, repeal, or modify by implication, the following provisions of the Missouri Revised Statutes: Section 285.055 and Sections 290.502, 290.512, 290.527, and 290.528. The proposed law enacts two new sections to be known as sections 290.526 and 290.529.

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended, and two new sections to be known as sections 290.526 and 290.529 are enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next four years, until it reaches $13.00 per hour, effective January 1, 2023. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2024, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-five percent, effective January 1, 2019;
(2) sixty percent, effective January 1, 2020;
(3) sixty-five percent, effective January 1, 2021;
(4) seventy percent, effective January 1, 2022;
(5) seventy-five percent, effective January 1, 2023;
(6) eighty percent, effective January 1, 2024;
(7) eighty-five percent, effective January 1, 2025;
(8) ninety percent, effective January 1, 2026;
(9) ninety-five percent, effective January 1, 2027;
(10) one hundred percent, effective January 1, 2028;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.526. Notwithstanding any other provision of law, as of the effective date of this section, municipalities, cities, counties, towns, and villages shall have the power to establish, mandate, or otherwise require an employer to pay wages to an employee who performs work while physically present within the boundaries of the municipality, city, county, town, or village, including employees not subject to the state or federal minimum wage, at a minimum rate per hour that exceeds the rate set under state or federal law, except that such a requirement shall not apply to employees employed by another local, state, or federal government entity or instrumentality.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-198)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Sections 290.526 and 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $9.00 per hour, beginning January 1, 2019 and by another $1.00 per hour each year until it reaches $13.00 per hour beginning January 1, 2023. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 55% of the minimum wage rate to tipped employees. Each year thereafter the rate increases by five percent until January 1, 2028 when tipped employees should be paid 100% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore there would be no cost to the State of Missouri.

Section 290.526 allows municipalities, cities, counties, towns and villages to implement a minimum wage that exceeds the state or federal minimum wage rate, but exempts local, state or federal government entities from the higher minimum wage rate.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);
- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office, as it would not apply to state employees.

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included they calculate the following significant fiscal impact to their university.

Combined Work Study Students and Non-Exempt Staff Minimum Wage Increase:
Proposed $9.00: increases our payroll by $ 455,840.00 annually
Proposed $10.00: increases our payroll by $ 835,360.00 annually
Proposed $11.00: increases our payroll by $1,251,928.00 annually
Proposed $12.00: increases our payroll by $1,701,646.00 annually
Proposed $13.00: increases our payroll by $2,039,200.00 annually

This proposal would be detrimental to the operations of their university.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

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Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

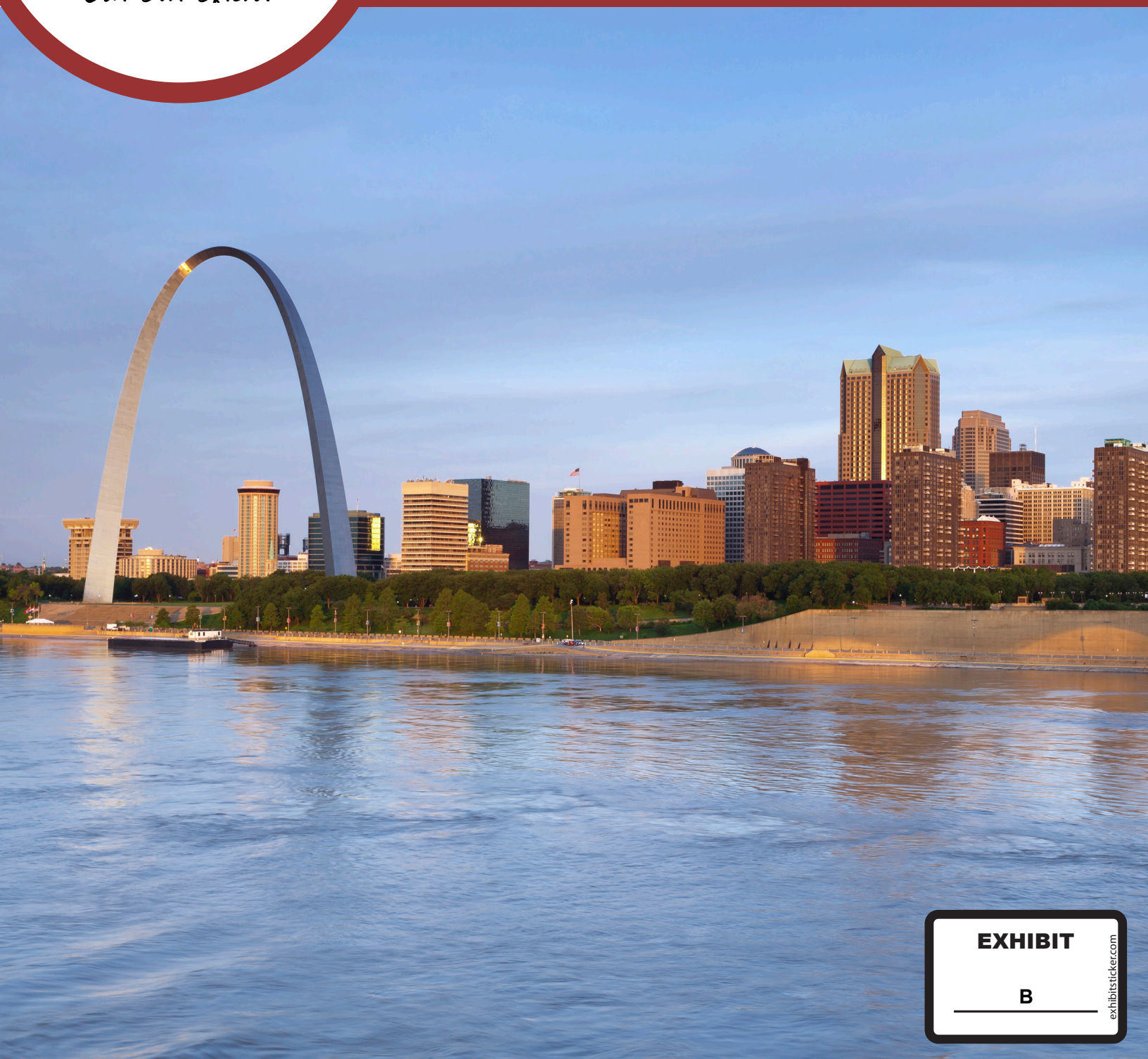
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University,**. **Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $13.1 million decrease to a $282 million increase depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 2 (2018-197)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

NOTICE: You are advised that the proposed law changes, repeals, or modifies by implication, or may be construed by some persons to change, repeal, or modify by implication, the following provisions of the Missouri Revised Statutes: Section 285.055 and Sections 290.502, 290.512, 290.527, and 290.528. The proposed law enacts two new sections to be known as sections 290.526 and 290.529.

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended, and two new sections to be known as sections 290.526 and 290.529 are enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next three years, until it reaches $12.00 per hour, effective January 1, 2022. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2023, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-one percent, effective January 1, 2019;
(2) fifty-three percent, effective January 1, 2020;
(3) fifty-five percent, effective January 1, 2021;
(4) fifty-seven percent, effective January 1, 2022;
(5) fifty-eight percent, effective January 1, 2023;
(6) sixty percent, effective January 1, 2024;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.526. Notwithstanding any other provision of law, as of the effective date of this section, municipalities, cities, counties, towns, and villages shall have the power to establish, mandate, or otherwise require an employer to pay wages to an employee who performs work while physically present within the boundaries of the municipality, city, county, town, or village, including employees not subject to the state or federal minimum wage, at a minimum rate per hour that exceeds the rate set under state or federal law, except that such a requirement shall not apply to employees employed by another local, state, or federal government entity or instrumentality.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-197)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Sections 290.526 and 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $9.00 per hour, beginning January 1, 2019 and by another $1.00 per hour each year until it reaches $12.00 per hour beginning January 1, 2022. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 51% of the minimum wage rate to tipped employees. Each year thereafter the rate increases until January 1, 2024 when tipped employees should be paid 60% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore, there would be no cost to the State of Missouri.

Section 290.526 allows municipalities, cities, counties, towns and villages to implement a minimum wage that exceeds the state or federal minimum wage rate, but exempts local, state or federal government entities from the higher minimum wage rate.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects, which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);
- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated they do not predict an immediate fiscal impact upon their office if Missouri's minimum wage rate were increased to $12.00

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

per hour. However, the potential future impact of applying cost of living increases and/or increases in the federal minimum wage to a Missouri minimum wage of $12.00 per hour, as called for elsewhere in Section 290.502, RSMo., is unknown.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included they calculate the following significant fiscal impact to their university.

Combined Work Study Students and Non-Exempt Staff Minimum Wage Increase:
Proposed $9.00: increases our payroll by $ 455,840.00 annually
Proposed $10.00: increases our payroll by $ 835,360.00 annually
Proposed $11.00: increases our payroll by $1,251,928.00 annually
Proposed $12.00: increases our payroll by $1,701,646.00 annually

This proposed fiscal note will have a significant impact on the university.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action
2725 Clifton
St. Louis, MO 63139

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

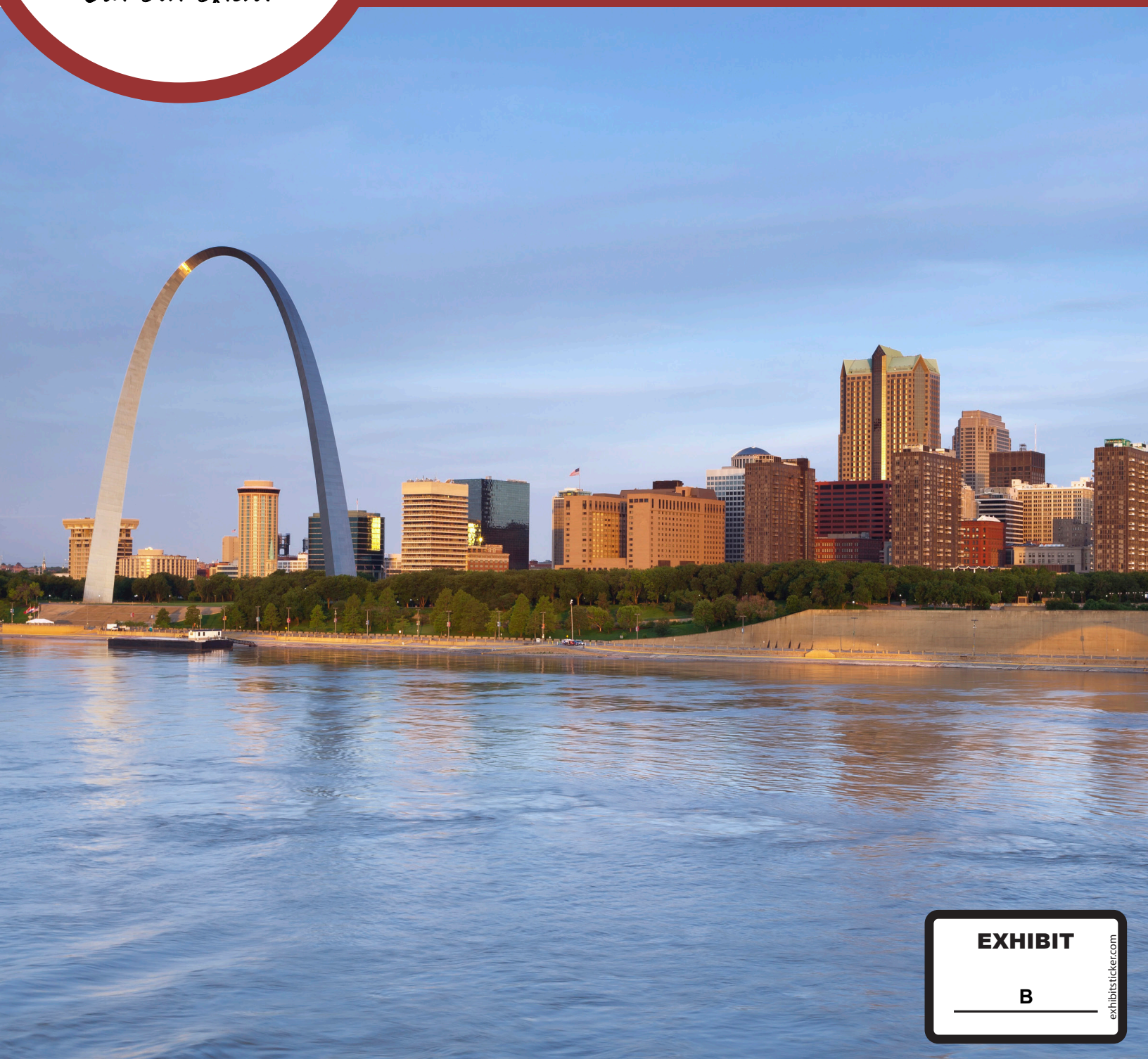
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

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Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

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Journal Publications (Economics)

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U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

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University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University,**. **Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $4.4 million decrease to a $222 million increase depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 4, 2017

RECEIVED
APR 04 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, Version 1 (2018-196)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

NOTICE: You are advised that the proposed law changes, repeals, or modifies by implication, or may be construed by some persons to change, repeal, or modify by implication, the following provisions of the Missouri Revised Statutes: Section 285.055 and Sections 290.502, 290.512, 290.527, and 290.528. The proposed law enacts two new sections to be known as sections 290.526 and 290.529.

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended, and two new sections to be known as sections 290.526 and 290.529 are enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next three years, until it reaches $12.00 per hour, effective January 1, 2022. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2023, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-five percent, effective January 1, 2019;
(2) sixty percent, effective January 1, 2020;
(3) sixty-five percent, effective January 1, 2021;
(4) seventy percent, effective January 1, 2022;
(5) seventy-five percent, effective January 1, 2023;
(6) eighty percent, effective January 1, 2024;
(7) eighty-five percent, effective January 1, 2025;
(8) ninety percent, effective January 1, 2026;
(9) ninety-five percent, effective January 1, 2027;
(10) one hundred percent, effective January 1, 2028;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.526. Notwithstanding any other provision of law, as of the effective date of this section, municipalities, cities, counties, towns, and villages shall have the power to establish, mandate, or otherwise require an employer to pay wages to an employee who performs work while physically present within the boundaries of the municipality, city, county, town, or village, including employees not subject to the state or federal minimum wage, at a minimum rate per hour that exceeds the rate set under state or federal law, except that such a requirement shall not apply to employees employed by another local, state, or federal government entity or instrumentality.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-196)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received April 4, 2017)

Date

April 24, 2017

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election**

Commissioners City of St. Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations. They do not expect that the enactment of this proposal would result in any other increased costs to their office.

Officials from the **Department of Agriculture** indicated there is no fiscal impact to their department for this initiative petition.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department since public employers are exempt from the new provisions proposed.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department defers to the Office of Administration to determine the fiscal impact of this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. Their department defers to the Office of Administration for a state impact.

Officials from the **Department of Public Safety - Office of the Director** indicated they will defer to the response provided for this initiative petition by the Office of Administration - Human Resources.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Sections 290.526 and 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $9.00 per hour, beginning January 1, 2019 and by another $1.00 per hour each year until it reaches $12.00 per hour beginning January 1, 2022. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 55% of the minimum wage rate to tipped employees. Each year thereafter the rate increases by five percent until January 1, 2028 when tipped employees should be paid 100% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore there would be no cost to the State of Missouri.

Section 290.526 allows municipalities, cities, counties, towns and villages to implement a minimum wage that exceeds the state or federal minimum wage rate, but exempts local, state or federal government entities from the higher minimum wage rate.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);
- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

Officials from the **State Treasurer's office** indicated they do not predict an immediate fiscal impact upon their office if Missouri's minimum wage rate were increased to $12.00 per hour. However, the potential future impact of applying cost of living increases and/or increases in the federal minimum wage to a Missouri minimum wage of $12.00 per hour, as called for elsewhere in Section 290.502, RSMo., is unknown.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition may have a small negative fiscal impact on their city as a result of the increased hourly minimum wage being higher than the hourly rate paid some city employees.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they are not able to estimate any significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact since they are excluded under the public employer definition in section 4.

Officials from the **Missouri State University** indicated no fiscal impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the wording is unclear as to whether Colleges/Universities are included in this petition. In assuming they are included, they calculate the following significant fiscal impact to their university.

Work Study Employees:
They currently have 626 work study students averaging between 720 hours to 832 hours per academic year.
Based on the proposed minimum wage increases they project the following salary increases:

Per Hr	**Additional Costs:**
$9.00	$ 455,840.00 overall increase in payroll for work study employees
$10.00	$ 835,360.00 overall increase in payroll for work study employees
$11.00	$1,236,640.00 overall increase in payroll for work study employees
$12.00	$1,637,920.00 overall increase in payroll for work study employees
$13.00	$2,039,200.00 overall increase in payroll for work study employees

University Staff Employees:
The payroll increase calculations for staff will start at $11.00 per hour. They do not have any employees earning less than $11.00 per hour.

They comprised these payroll increase calculations based on a 37.5 hour work week (which is their normal work week) for 52 weeks each year multiplied by 155 nonexempt staff:

Per Hr	**Additional Costs:**
$11.00	$ 15,288.00 overall increase in payroll for nonexempt employees
$12.00	$ 63,726.00 overall increase in payroll for nonexempt employees
$13.00	$117,195.00 overall increase in payroll for nonexempt employees

Combined Work Study Students and Non-Exempt Staff Minimum Wage Increase:
Year One: $ 455,840.00
Year Two: $ 835,360.00
Year Three:$1,251,928.00
Year Four: $1,701,646.00
Year Five: $2,156,395.00

This proposed fiscal note will have a significant impact on the university.

Officials from the **Kansas City Board of Election Commissioners** indicated no fiscal effect on their operations.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

Officials from the **Jackson County Election Board** indicated this petition does not have a fiscal impact on their office.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

April 12, 2017

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Summary of Proposed Minimum Wage Initiatives						
Version Number		**Initiative Summary**				
Version Number Used in This Impact Analysis	**Version Number Assigned by the Secretary of State**	**Minimum Wage Level**	**Matches the Federal Minimum Wage When It Is Higher**	**Stronger Penalty for Wage Violations**	**Tipped Worker Minimum Wage (as a % of Full Minimum Wage)**	**Allows Localities to Enact a Local Minimum Wage**
Version 13	2018 - 204	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	Yes	No Change	No
Version 14	2018 - 205	$12 by 2023 *(Start at $8.60 and $.85/year)*	Yes	No	No Change	No
Version 15	2018 - 206	$12 by 2023 *(Start at $8.60 and $.85/year)*	No	No	No Change	No
Version 16	2018 - 207	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	Yes	No Change	No
Version 17	2018 - 208	$12 by 2024 *(Start at $8.50 and $.70/year)*	Yes	No	No Change	No
Version 18	2018 - 209	$12 by 2024 *(Start at $8.50 and $.70/year)*	No	No	No Change	No

Version 19	2018 - 210	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	Yes	No Change	No
Version 20	2018 - 211	$13 by 2025 *(Start at $8.50 and $.75/year)*	Yes	No	No Change	No
Version 21	2018 - 212	$13 by 2025 *(Start at $8.50 and $.75/year)*	No	No	No Change	No
Version 22	2018 - 213	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	Yes	No Change	No
Version 23	2018 - 214	$11 by 2022 (Start at $8.75 and $.75/year)	Yes	No	No Change	No
Version 24	2018 - 215	$11 by 2022 (Start at $8.75 and $.75/year)	No	No	No Change	No
Version 25	2018 - 216	$11 by 2021 (Start at $9; $1/year)	Yes	Yes	No Change	No
Version 26	2018 - 200	$12 by 2022 (Start at $9; $1/year)	Yes	No	No Change	No
Version 27	2018 - 201	$13 by 2023 (Start at $9; $1/year)	Yes	No	No Change	No
Version 28	2018 - 202	$12 by 2024 (Start at $8.25; .75/year)	Yes	Yes	100%	No
Version 29	2018 - 203	$13 by 2025 (Start at $8.50; .75/year)	Yes	Yes	60%	No
Version 30	2018 - 196	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	100%	Yes
Version 31	2018 - 197	$12 by 2022 (Start at $9; $1/year)	Yes	Yes	60%	Yes
Version 32	2018 - 198	$13 by 2023 (Start at 9; $1/year)	Yes	Yes	100%	Yes

Version 33	2018 - 199	$13 by 2023 (Start at $9; $1/year)	Yes	Yes	60%	Yes

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced Minimum Wage Initiative Petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned seven proposed Minimum Wage Initiative Petitions.

Our analysis estimates the impact of the proposed Minimum Wage Initiative Petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax revenue, with some refinements. We also address certain claims that have been made by opponents of similar initiative petitions in the past.

As these petitions exclude public workers from the proposed minimum wage increases, we do not include in our analysis an estimate of the impact on state and local payroll costs of the proposed Minimum Wage Initiative Petitions.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for Missouri in the Final Year of Minimum Wage Implementation.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW increase	Aggregate Annual Wage Increase in Nominal Dollars
13,14,15[a]	2023	$ 12.00	$ 6.00	835,350	$4,358,798,129
16,17,18[a]	2024	$ 12.00	$ 6.00	819,652	$4,209,438,048
19,20,21[a]	2025	$ 13.00	$ 6.50	900,788	$5,309,336,662
22,23,24[a]	2022	$ 11.00	$ 5.50	738,515	$3,347,138,756
25	2021	$ 11.00	$ 5.50	761,164	$3,469,534,559
26	2022	$ 12.00	$ 6.00	852,284	$4,510,285,824
27	2023	$ 13.00	$ 6.50	949,801	$5,667,065,534
28	2024	$ 12.00	$ 9.60	832,328	$4,288,614,460
29	2025	$ 13.00	$ 7.80	905,942	$5,332,471,496
30	2022	$ 12.00	$ 8.40	864,090	$4,558,317,729
31	2022	$ 12.00	$ 6.84	855,887	$4,523,341,931

32	2023	$ 13.00	$ 9.75	948,421	$5,745,051,956
33	2023	$ 13.00	$ 7.54	942,566	$5,685,951,766

Notes: Author's Analysis of American Community Survey (ACS) Data from 2014.
(a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

Across the proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $3.347 billion (Proposals 22-24) to a high of $5.745 billion under Proposal 32. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables A1 through A13 below.

The wage impact of an increase in the minimum wage for the state of Missouri is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the state of Missouri was downloaded from the US Census Bureau. The American Community Survey was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15 percent above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015).) Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

The proposed minimum wage increases exclude public employees. However, it was not practicable to exclude public employees from these calculations because the ACS does not have a published variable that allows for identification of public employees. Nonetheless, this inclusion of public employees should have only a minimal impact on our results, since their numbers are small and most already earn more than the proposed minimum wage increases.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual rates of inflation were used to adjust wages up to 2016. For all subsequent years between 2017 and 2028, baseline wages were adjusted using the projected annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twenty-one proposals were analyzed. For each proposal, we constructed a baseline wage scenario that used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. In larger counties and cities most all public employees already earn more than the highest proposed minimum wage. Smaller counties and towns may have some public employees who earn less than the highest proposed minimum.

between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twenty-one minimum wage proposed scenarios. Since the minimum wage proposals offer nine different paths for raising the minimum wage for all non-tipped private sector workers, and different wage paths for tipped workers, we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings for an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighing factor for that employee in the population. The total impact for the state of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

We do not include an estimate of job losses due to minimum wage changes. Existing research is clear that past minimum wage increases have had no measurable effect on aggregate employment levels. Larger minimum wage increases, such as those in Los Angeles, Seattle, and other jurisdictions, have not yet been studied to detect a clear disemployment effect. While it is possible that there may be some employment losses due to automation or other factors, this potential negative effect is likely offset by the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason and because of the likely increases in wages for individuals who earn above the proposed minimum wage rates, the impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next, it is necessary to review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that is true, then those employment reductions would result in reductions in state income and sales tax revenue. However, review of the most credible recent empirical research on the minimum wage shows that increases in the minimum wage have had no discernible impact on employment. We thus conclude that it is not appropriate to project that the proposed initiative petitions would result in any detectable employment reduction, and resulting losses in income and sales tax revenue, or increases in unemployment-related costs to the state.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A recent meta-study – a formal statistical study of studies – by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders' (4040), 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers'.

(Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations,vol. 47, no. 2, pp. 406-428.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum-wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2). Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport.
(Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522-543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84-105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139-163; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106-138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28-29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of

being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433-444; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543-569.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs – both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

For similar reasons, we do not believe that the proposed increase will have any significant adverse economic impact on small businesses or, by extension, on corporate income tax revenue. In fact, many small businesses already pay little if any corporate income tax.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the various minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with higher prices (which would be taxable).

Personal Income Tax Revenue. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax.

In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The state of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different

categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that we taxable.[3] The resulting rate was 30.3 percent.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state income tax revenue resulting from the increased wages would be as follows:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Year of Full Minimum Wage Final Implementation.

Proposal	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
13,14,15[a]	$55,814,587	$38,971,132	$94,785,719	$119,213,129	$213,998,848
16,17,18[a]	$53,902,025	$37,635,734	$91,537,759	$115,128,131	$206,665,889
19,20,21[a]	$67,986,272	$47,469,704	$115,455,976	$145,210,358	$260,666,334
22,23,24[a]	$42,860,248	$29,926,090	$72,786,338	$91,544,245	$164,330,583
25	$44,427,531	$31,020,406	$75,447,937	$94,891,770	$170,339,707
26	$57,754,393	$40,325,553	$98,079,946	$123,356,317	$221,436,263
27	$72,567,004	$50,668,086	$123,235,090	$154,994,242	$278,229,333
28	$54,915,882	$38,343,634	$93,259,516	$117,293,605	$210,553,122
29	$68,282,514	$47,676,548	$115,959,062	$145,843,095	$261,802,158
30	$58,369,444	$40,754,996	$99,124,440	$124,669,990	$223,794,430
31	$57,921,577	$40,442,285	$98,363,862	$123,713,402	$222,077,264
32	$73,565,624	$51,365,347	$124,930,970	$157,127,171	$282,058,141
33	$72,808,843	$50,836,944	$123,645,787	$155,510,781	$279,156,568

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures. (a) Since these proposals only vary on non-economic factors, their economic and fiscal impacts are treated as equal for the purposes of this report.

As described in Table 2 above, the fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase out. The estimates of the total fiscal benefit range from $164 million to $282 million annually. Appendix tables A1 through A13 provide a year-by-year summary of the fiscal benefits.

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50 percent of the spending on the category "apparel and services" was taxable.

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,

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Table A1. Summary of Affected Workers and Fiscal Impacts for Proposals 13,14,15

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.60	$ 4.30	2,864,237	497,398	17.4%	1,581,650,596	$ 20,253,100	$ 14,141,218	$ 34,394,318	$ 43,258,144	$ 77,652,462
2020	$ 9.45	$ 4.73	2,881,586	575,932	20.0%	2,130,289,226	$ 27,278,440	$ 19,046,485	$ 46,324,925	$ 58,263,410	$ 104,588,335
2021	$ 10.30	$ 5.15	2,899,041	659,958	22.8%	2,771,131,323	$ 35,484,449	$ 24,776,124	$ 60,260,573	$ 75,790,442	$ 136,051,015
2022	$ 11.15	$ 5.58	2,916,602	760,288	26.1%	3,507,758,569	$ 44,916,991	$ 31,362,159	$ 76,279,150	$ 95,937,197	$ 172,216,347
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposals 16,17,18

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.20	$ 4.60	2,881,586	547,712	19.0%	1,938,698,253	$ 24,825,110	$ 17,333,509	$ 42,158,619	$ 53,023,397	$ 95,182,016
2021	$ 9.90	$ 4.95	2,899,041	614,565	21.2%	2,416,797,262	$ 30,947,187	$ 21,608,095	$ 52,555,282	$ 66,099,405	$ 118,654,687
2022	$ 10.60	$ 5.30	2,916,602	676,068	23.2%	2,950,422,735	$ 37,780,283	$ 26,379,132	$ 64,159,415	$ 80,694,062	$ 144,853,477
2023	$ 11.30	$ 5.65	2,934,269	758,683	25.9%	3,544,170,211	$ 45,383,243	$ 31,687,708	$ 77,070,952	$ 96,933,055	$ 174,004,007
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposals 19,20,21

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.25	2,864,237	485,053	16.9%	1,516,360,541	$ 19,417,058	$ 13,557,473	$ 32,974,531	$ 41,472,461	$ 74,446,992
2020	$ 9.25	$ 4.63	2,881,586	553,528	19.2%	1,976,069,168	$ 25,303,646	$ 17,667,634	$ 42,971,280	$ 54,045,492	$ 97,016,772
2021	$ 10.00	$ 5.00	2,899,041	627,893	21.7%	2,502,752,018	$ 32,047,841	$ 22,376,599	$ 54,424,440	$ 68,450,268	$ 122,874,708
2022	$ 10.75	$ 5.38	2,916,602	690,178	23.7%	3,093,933,149	$ 39,617,940	$ 27,662,230	$ 67,280,170	$ 84,619,072	$ 151,899,241
2023	$ 11.50	$ 5.75	2,934,269	788,424	26.9%	3,767,306,652	$ 48,240,515	$ 33,682,726	$ 81,923,241	$ 103,035,837	$ 184,959,078
2024	$ 12.25	$ 6.13	2,952,043	842,439	28.5%	4,513,267,001	$ 57,792,567	$ 40,352,207	$ 98,144,774	$ 123,437,852	$ 221,582,626
2025	$ 13.00	$ 6.50	2,969,924	900,788	30.3%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	880,622	29.5%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	863,418	28.7%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	843,246	27.9%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposals 22,23,24

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.75	$ 4.38	2,864,237	517,013	18.1%	1,683,289,588	$ 21,554,592	$ 15,049,951	$ 36,604,543	$ 46,037,970	$ 82,642,513
2020	$ 9.50	$ 4.75	2,881,586	582,407	20.2%	2,170,034,285	$ 27,787,377	$ 19,401,837	$ 47,189,214	$ 59,350,438	$ 106,539,652
2021	$ 10.25	$ 5.13	2,899,041	655,770	22.6%	2,725,336,540	$ 34,898,045	$ 24,366,682	$ 59,264,727	$ 74,537,954	$ 133,802,682
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 25

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 11.00	$ 5.50	2,916,602	738,515	25.3%	3,347,138,756	$ 42,860,248	$ 29,926,090	$ 72,786,338	$ 91,544,245	$ 164,330,583
2023	$ 11.00	$ 5.50	2,934,269	708,937	24.2%	3,230,029,082	$ 41,360,654	$ 28,879,036	$ 70,239,690	$ 88,341,295	$ 158,580,985
2024	$ 11.00	$ 5.50	2,952,043	684,415	23.2%	3,119,744,830	$ 39,948,459	$ 27,893,007	$ 67,841,466	$ 85,325,021	$ 153,166,487
2025	$ 11.00	$ 5.50	2,969,924	668,346	22.5%	3,012,661,682	$ 38,577,255	$ 26,935,598	$ 65,512,853	$ 82,396,297	$ 147,909,150
2026	$ 11.00	$ 5.50	2,987,914	653,109	21.9%	2,908,095,711	$ 37,238,284	$ 26,000,695	$ 63,238,979	$ 79,536,418	$ 142,775,397
2027	$ 11.00	$ 5.50	3,006,013	636,543	21.2%	2,806,074,747	$ 35,931,901	$ 25,088,546	$ 61,020,447	$ 76,746,144	$ 137,766,592
2028	$ 11.00	$ 5.50	3,024,222	619,307	20.5%	2,706,768,186	$ 34,660,277	$ 24,200,666	$ 58,860,943	$ 74,030,110	$ 132,891,053

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 26

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	644,992	22.4%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	761,164	26.3%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	852,284	29.2%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 12.00	$ 6.00	2,934,269	835,350	28.5%	4,358,798,129	$ 55,814,587	$ 38,971,132	$ 94,785,719	$ 119,213,129	$ 213,998,848
2024	$ 12.00	$ 6.00	2,952,043	819,652	27.8%	4,209,438,048	$ 53,902,025	$ 37,635,734	$ 91,537,759	$ 115,128,131	$ 206,665,889
2025	$ 12.00	$ 6.00	2,969,924	802,687	27.0%	4,062,743,877	$ 52,023,600	$ 36,324,171	$ 88,347,771	$ 111,116,045	$ 199,463,816
2026	$ 12.00	$ 6.00	2,987,914	787,303	26.3%	3,919,189,932	$ 50,185,386	$ 35,040,684	$ 85,226,070	$ 107,189,845	$ 192,415,915
2027	$ 12.00	$ 6.00	3,006,013	760,735	25.3%	3,779,848,593	$ 48,401,115	$ 33,794,861	$ 82,195,976	$ 103,378,859	$ 185,574,835
2028	$ 12.00	$ 6.00	3,024,222	737,368	24.4%	3,646,528,657	$ 46,693,948	$ 32,602,875	$ 79,296,822	$ 99,732,559	$ 179,029,381

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 27

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.50	2,864,237	541,205	18.9%	1,861,322,351	$ 23,834,308	$ 16,641,706	$ 40,476,015	$ 50,907,166	$ 91,383,181
2020	$ 10.00	$ 5.00	2,881,586	647,118	22.5%	2,594,086,908	$ 33,217,388	$ 23,193,206	$ 56,410,594	$ 70,948,277	$ 127,358,871
2021	$ 11.00	$ 5.50	2,899,041	767,907	26.5%	3,469,534,559	$ 44,427,531	$ 31,020,406	$ 75,447,937	$ 94,891,770	$ 170,339,707
2022	$ 12.00	$ 6.00	2,916,602	867,022	29.7%	4,510,285,824	$ 57,754,393	$ 40,325,553	$ 98,079,946	$ 123,356,317	$ 221,436,263
2023	$ 13.00	$ 6.50	2,934,269	949,801	32.4%	5,667,065,534	$ 72,567,004	$ 50,668,086	$ 123,235,090	$ 154,994,242	$ 278,229,333
2024	$ 13.00	$ 6.50	2,952,043	1,044,718	35.4%	5,486,220,712	$ 70,251,279	$ 49,051,189	$ 119,302,468	$ 150,048,136	$ 269,350,604
2025	$ 13.00	$ 6.50	2,969,924	1,021,637	34.4%	5,309,336,662	$ 67,986,272	$ 47,469,704	$ 115,455,976	$ 145,210,358	$ 260,666,334
2026	$ 13.00	$ 6.50	2,987,914	997,728	33.4%	5,136,277,837	$ 65,770,246	$ 45,922,420	$ 111,692,667	$ 140,477,199	$ 252,169,866
2027	$ 13.00	$ 6.50	3,006,013	971,739	32.3%	4,966,846,331	$ 63,600,669	$ 44,407,568	$ 108,008,237	$ 135,843,247	$ 243,851,484
2028	$ 13.00	$ 6.50	3,024,222	950,955	31.4%	4,801,416,359	$ 61,482,331	$ 42,928,492	$ 104,410,823	$ 131,318,737	$ 235,729,561

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 28

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.25	$ 4.54	2,864,237	450,561	15.7%	1,365,218,487	$ 17,481,678	$ 12,206,142	$ 29,687,820	$ 37,338,726	$ 67,026,546
2020	$ 9.00	$ 5.40	2,881,586	530,298	18.4%	1,802,056,786	$ 23,075,410	$ 16,111,825	$ 39,187,235	$ 49,286,253	$ 88,473,488
2021	$ 9.75	$ 6.34	2,899,041	604,452	20.9%	2,309,228,690	$ 29,569,767	$ 20,646,346	$ 50,216,113	$ 63,157,405	$ 113,373,518
2022	$ 10.50	$ 7.35	2,916,602	675,477	23.2%	2,888,532,886	$ 36,987,781	$ 25,825,788	$ 62,813,569	$ 79,001,374	$ 141,814,943
2023	$ 11.25	$ 8.44	2,934,269	764,968	26.1%	3,542,170,468	$ 45,357,637	$ 31,669,829	$ 77,027,466	$ 96,878,362	$ 173,905,828
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 29

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.50	$ 4.34	2,864,237	485,075	16.9%	1,517,089,641	$ 19,426,394	$ 13,563,991	$ 32,990,386	$ 41,492,402	$ 74,482,788
2020	$ 9.25	$ 4.90	2,881,586	554,164	19.2%	1,978,608,599	$ 25,336,163	$ 17,690,339	$ 43,026,502	$ 54,114,945	$ 97,141,448
2021	$ 10.00	$ 5.50	2,899,041	629,786	21.7%	2,507,991,275	$ 32,114,930	$ 22,423,442	$ 54,538,372	$ 68,593,561	$ 123,131,934
2022	$ 10.75	$ 6.13	2,916,602	693,834	23.8%	3,103,238,712	$ 39,737,098	$ 27,745,429	$ 67,482,527	$ 84,873,579	$ 152,356,106
2023	$ 11.50	$ 6.67	2,934,269	792,105	27.0%	3,780,381,689	$ 48,407,941	$ 33,799,627	$ 82,207,569	$ 103,393,439	$ 185,601,008
2024	$ 12.25	$ 7.35	2,952,043	847,918	28.7%	4,533,193,764	$ 58,047,730	$ 40,530,368	$ 98,578,098	$ 123,982,849	$ 222,560,948
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 30

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 12.00	$ 9.00	2,934,269	847,946	28.9%	4,422,419,879	$ 56,629,266	$ 39,539,961	$ 96,169,227	$ 120,953,184	$ 217,122,411
2024	$ 12.00	$ 9.60	2,952,043	832,328	28.2%	4,288,614,460	$ 54,915,882	$ 38,343,634	$ 93,259,516	$ 117,293,605	$ 210,553,122
2025	$ 12.00	$ 10.20	2,969,924	815,786	27.5%	4,157,413,807	$ 53,235,853	$ 37,170,595	$ 90,406,448	$ 113,705,268	$ 204,111,716
2026	$ 12.00	$ 10.80	2,987,914	800,780	26.8%	4,029,263,635	$ 51,594,884	$ 36,024,831	$ 87,619,715	$ 110,200,360	$ 197,820,075
2027	$ 12.00	$ 11.40	3,006,013	774,388	25.8%	3,905,273,986	$ 50,007,192	$ 34,916,264	$ 84,923,456	$ 106,809,244	$ 191,732,700
2028	$ 12.00	$ 12.00	3,024,222	751,325	24.8%	3,787,260,551	$ 48,496,025	$ 33,861,130	$ 82,357,155	$ 103,581,576	$ 185,938,731

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 31

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	$ 1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	$ 2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	$ 3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	$ 4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 12.00	$ 6.96	2,934,269	839,376	28.6%	$ 4,373,565,718	$ 56,003,687	$ 39,103,166	$ 95,106,852	$ 119,617,022	$ 214,723,875
2024	$ 12.00	$ 7.20	2,952,043	824,885	27.9%	$ 4,228,099,195	$ 54,140,982	$ 37,802,579	$ 91,943,561	$ 115,638,513	$ 207,582,074
2025	$ 12.00	$ 7.20	2,969,924	807,275	27.2%	$ 4,080,836,418	$ 52,255,276	$ 36,485,932	$ 88,741,208	$ 111,610,876	$ 200,352,084
2026	$ 12.00	$ 7.20	2,987,914	792,104	26.5%	$ 3,936,746,756	$ 50,410,202	$ 35,197,656	$ 85,607,858	$ 107,670,024	$ 193,277,882
2027	$ 12.00	$ 7.20	3,006,013	764,876	25.4%	$ 3,796,919,880	$ 48,619,713	$ 33,947,492	$ 82,567,205	$ 103,845,759	$ 186,412,964
2028	$ 12.00	$ 7.20	3,024,222	741,681	24.5%	$ 3,663,145,015	$ 46,906,721	$ 32,751,438	$ 79,658,159	$ 100,187,016	$ 179,845,175

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 32

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	542,436	18.9%	1,865,492,072	$ 23,887,702	$ 16,678,987	$ 40,566,689	$ 51,021,208	$ 91,587,897
2020	$ 10.00	$ 6.00	2,881,586	649,432	22.5%	2,606,107,002	$ 33,371,306	$ 23,300,675	$ 56,671,981	$ 71,277,027	$ 127,949,008
2021	$ 11.00	$ 7.15	2,899,041	768,269	26.5%	3,495,411,764	$ 44,758,890	$ 31,251,769	$ 76,010,659	$ 95,599,512	$ 171,610,170
2022	$ 12.00	$ 8.40	2,916,602	864,090	29.6%	4,558,317,729	$ 58,369,444	$ 40,754,996	$ 99,124,440	$ 124,669,990	$ 223,794,430
2023	$ 13.00	$ 9.75	2,934,269	948,421	32.3%	5,745,051,956	$ 73,565,624	$ 51,365,347	$ 124,930,970	$ 157,127,171	$ 282,058,141
2024	$ 13.00	$ 10.40	2,952,043	929,658	31.5%	5,581,405,864	$ 71,470,129	$ 49,902,220	$ 121,372,349	$ 152,651,450	$ 274,023,799
2025	$ 13.00	$ 11.05	2,969,924	911,797	30.7%	5,421,666,396	$ 69,424,658	$ 48,474,022	$ 117,898,680	$ 148,282,576	$ 266,181,256
2026	$ 13.00	$ 11.70	2,987,914	891,631	29.8%	5,265,716,490	$ 67,427,714	$ 47,079,705	$ 114,507,419	$ 144,017,346	$ 258,524,765
2027	$ 13.00	$ 12.35	3,006,013	875,288	29.1%	5,113,287,732	$ 65,475,857	$ 45,716,871	$ 111,192,728	$ 139,848,419	$ 251,041,147
2028	$ 13.00	$ 13.00	3,024,222	855,740	28.3%	4,964,790,474	$ 63,574,344	$ 44,389,187	$ 107,963,530	$ 135,787,019	$ 243,750,550

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A13. Summary of Affected Workers and Fiscal Impacts for Proposal 33

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	541,535	18.9%	1,862,120,747	$ 23,844,532	$ 16,648,845	$ 40,493,376	$ 50,929,002	$ 91,422,379
2020	$ 10.00	$ 5.30	2,881,586	645,790	22.4%	2,597,185,436	$ 33,257,065	$ 23,220,909	$ 56,477,974	$ 71,033,022	$ 127,510,996
2021	$ 11.00	$ 6.05	2,899,041	763,808	26.3%	3,476,637,987	$ 44,518,491	$ 31,083,917	$ 75,602,407	$ 95,086,049	$ 170,688,456
2022	$ 12.00	$ 6.84	2,916,602	855,887	29.3%	4,523,341,931	$ 57,921,577	$ 40,442,285	$ 98,363,862	$ 123,713,402	$ 222,077,264
2023	$ 13.00	$ 7.54	2,934,269	942,566	32.1%	5,685,951,766	$ 72,808,843	$ 50,836,944	$ 123,645,787	$ 155,510,781	$ 279,156,568
2024	$ 13.00	$ 7.80	2,952,043	923,916	31.3%	5,509,979,006	$ 70,555,505	$ 49,263,607	$ 119,819,112	$ 150,697,926	$ 270,517,038
2025	$ 13.00	$ 7.80	2,969,924	905,942	30.5%	5,332,471,496	$ 68,282,514	$ 47,676,548	$ 115,959,062	$ 145,843,095	$ 261,802,158
2026	$ 13.00	$ 7.80	2,987,914	885,330	29.6%	5,158,803,161	$ 66,058,684	$ 46,123,815	$ 112,182,499	$ 141,093,266	$ 253,275,765
2027	$ 13.00	$ 7.80	3,006,013	868,740	28.9%	4,988,710,610	$ 63,880,642	$ 44,603,052	$ 108,483,694	$ 136,441,235	$ 244,924,929
2028	$ 13.00	$ 7.80	3,024,222	848,902	28.1%	4,822,611,470	$ 61,753,736	$ 43,117,993	$ 104,871,729	$ 131,898,424	$ 236,770,152

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

These corrections were subsequently provided to the submitted information

In the table on the bottom of page 7 and top of page 8, both averages for 2023 should be based on a 5 year phase-in. Accordingly, the figure on that table should state for 2023 ($12) Average Annual Unemployment Premiums Paid by State of $16,269,523.52.

The corresponding change on the table on page 12 would be to state, for 2023 ($12) Total Net Loss to State Government from Taxes and Unemployment Insurance of ($19,137,851.76).

Graves Garrett LLC

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April 11, 2017

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-196 through 2018-216

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-196 through 2018-216 (the "Initiative Petitions"). If passed, any of these twenty-one initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a drastic increase of the minimum wage to $13—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates

at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 51.16% (($13-$8.60)/$8.60) in Initiative Petitions 2018-198 through 2018-201 to a wage increase of 30.17% (($11-$8.45)/$8.45) in Initiative Petitions 2018-213 through 2018-215.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual

wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, attached hereto as **Exhibit A**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that state and local government "operating costs could increase by an unknown annual amount that could be significant," through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307
2009	210.526	-0.0267124

2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

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Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it is more recent, Missouri-specific, and anticipates larger wage changes contemplated by the Initiative Petitions. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2021	$8.30	$11.00	32.53%	22.02%	174,897	38,512
2022	$8.45	$11.00	30.18%	20.43%	162,262	33,150
2022	$8.45	$12.00	42.01%	28.44%	225,866	64,236
2023	$8.60	$12.00	39.53%	26.77%	212,532	56,895
2023	$8.60	$13.00	51.16%	34.64%	275,061	95,281
2024	$8.75	$12.00	37.14%	25.15%	199,683	50,220
2024	$8.75	$13.00	48.57%	32.88%	261,136	85,861
2025	$8.90	$13.00	46.07%	31.19%	247,695	77,256
2026	$9.05	$13.00	43.65%	29.55%	234,683	69,349

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

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d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.12 per week, for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $10.99 an hour is $228.59 per week. The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-213 through 2018-216, [($159.12+$228.59)/2]*20 = $3,877.10
- For Initiative Petitions 2018-196, 2018-197, 2018-200, 2018-202, and 2018-204 through 209, [($159.12+$249.39)/2]*20 = $4,085.10
- For Initiative Petitions 2018-198, 2018-199, 2018-201, 2018-203, 2018-210 through 2018-212, [($159.12+$270.19)/2]*20 = $4,293.10

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Premiums Paid	Average Annual Unemployment Premiums Paid by State
2021 ($11)	38,512	3,877.10	$52,260,206.32	$17,420,068.77
2022 ($11)	33,150	3,877.10	$44,984,052.75	$11,246,013.19
2022 ($12)	64,236	4,085.10	$91,843,669.26	$22,960,917.32
2023 ($12)	56,895	4,085.10	$81,347,617.58	$20,336,904.39

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2023 ($13)	95,281	4,293.10	$143,167,801.39	$28,633,560.28
2024 ($12)	50,220	4,085.10	$71,803,802.70	$11,967,300.45
2024 ($13)	85,861	4,293.10	$129,013,450.69	$21,502,241.78
2025 ($13)	77,256	4,293.10	$116,083,706.76	$16,583,386.68
2026 ($13)	69,349	4,293.10	$104,202,767.17	$13,025,345.90

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2021 ($11)	174,897	38,512	136,385	$382,969,080.00	$108,141,696.00

2022 ($11)	162,262	33,150	129,112	$342,405,024.00	$87,913,800.00
2022 ($12)	225,866	64,236	161,630	$596,737,960.00	$237,159,312.00
2023 ($12)	212,532	56,895	155,637	$550,332,432.00	$201,180,720.00
2023 ($13)	275,061	95,281	179,780	$822,673,280.00	$436,005,856.00
2024 ($12)	199,683	50,220	149,463	$505,184,940.00	$169,743,600.00
2024 ($13)	261,136	85,861	175,275	$774,715,500.00	$379,505,620.00
2025 ($13)	247,695	77,256	170,439	$726,750,021.03	$329,419,584.00
2026 ($13)	234,683	69,349	165,334	$679,192,072.00	$284,885,692.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$274,827,384.00	$8,244,821.52	$12,367,232.28
$254,491,224.00	$7,634,736.72	$11,452,105.08
$359,578,648.00	$10,787,359.44	$16,181,039.16
$349,151,712.00	$10,474,551.36	$15,711,827.04
$386,667,424.00	$11,600,022.72	$17,400,034.08
$335,441,340.00	$10,063,240.20	$15,094,860.30
$395,209,880.00	$11,856,296.40	$17,784,444.60
$397,330,437.03	$11,919,913.11	$17,879,869.67
$394,306,380.00	$11,829,191.40	$17,743,787.10

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Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2021 ($11)	$412,266,214.62	$25,766,638.41	$12,883,319.21
2022 ($11)	$368,599,008.34	$23,037,438.02	$11,518,719.01
2022 ($12)	$642,388,413.94	$40,149,275.87	$20,074,637.94
2023 ($12)	$592,432,863.05	$37,027,053.94	$18,513,526.97
2023 ($13)	$885,607,785.92	$55,350,486.62	$27,675,243.31
2024 ($12)	$543,831,587.91	$33,989,474.24	$16,994,737.12
2024 ($13)	$833,981,235.80	$52,123,827.23	$26,061,913.62
2025 ($13)	$782,346,397.64	$48,896,649.85	$24,448,324.93
2026 ($13)	$731,150,265.50	$45,696,891.59	$22,848,445.80

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2021 ($11)	($516,086.93)
2022 ($11)	($66,613.93)
2022 ($12)	($3,893,598.78)
2023 ($12)	($2,801,699.93)
2023 ($13)	($10,275,209.23)
2024 ($12)	($1,899,876.82)
2024 ($13)	($8,277,469.02)
2025 ($13)	($6,568,455.26)
2026 ($13)	($5,104,658.70)

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

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4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2021 ($11)	$274,827,384	$68,706,846	$412,266,214.62	($61,839,932)
2022 ($11)	$254,491,224	$63,622,806	$368,599,008.34	($55,289,851)
2022 ($12)	$359,578,648	$89,894,662	$642,388,413.94	($96,358,262)
2023 ($12)	$349,151,712	$87,287,928	$592,432,863.05	($88,864,929)

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.
[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

2023 ($13)	$386,667,424	$96,666,856	$885,607,785.92	($132,841,168)
2024 ($12)	$335,441,340	$83,860,335	$543,831,587.91	($81,574,738)
2024 ($13)	$395,209,880	$98,802,470	$833,981,235.75	($125,097,185)
2025 ($13)	$397,330,437	$99,332,609	$782,346,397.64	($117,351,960)
2026 ($13)	$394,306,380	$98,576,595	$731,150,265.51	($109,672,540)

Accordingly, the annual estimations of the effects on state and local revenue, and total state economic impact are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Effect on State Sales Tax	Total Annual Effect on State Tax Revenue	Total Net Loss to State Government from Taxes and Unemployment Insurance	Annual Net Effect on Local Sales Tax
2021 ($11)	($516,086.93)	$290,127.11	($225,959.82)	($17,646,028.59)	$246,178.86
2022 ($11)	($66,613.93)	$352,067.34	$285,453.41	($10,960,559.78)	$298,736.43
2022 ($12)	($3,893,598.78)	($273,087.10)	($4,166,685.88)	($27,127,603.19)	($231,720.06)
2023 ($12)	($2,801,699.93)	($66,628.31)	($2,868,328.24)	($23,205,232.64)	($56,535.50)
2023 ($13)	($10,275,209.23)	($1,528,364.68)	($11,803,573.91)	($40,437,134.18)	($1,296,849.08)
2024 ($12)	($1,899,876.82)	$96,566.47	($1,803,310.36)	($13,770,610.81)	$81,938.65
2024 ($13)	($8,277,469.02)	($1,110,951.72)	($9,388,420.74)	($30,890,662.52)	($942,665.55)
2025 ($13)	($6,136,139.31)	($761,317.55)	($6,897,456.87)	($23,480,843.55)	($645,993.71)
2026 ($13)	($5,104,658.70)	($468,803.67)	($5,573,462.37)	($18,598,808.26)	($397,789.62)

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

The State Auditor's previous 2018 fiscal notes are a good model. Each of the fiscal notes for the Initiative Petitions should follow the already-established format and state that:

> "[O]perating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $## million decrease to a $## million increase depending on business decisions."

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

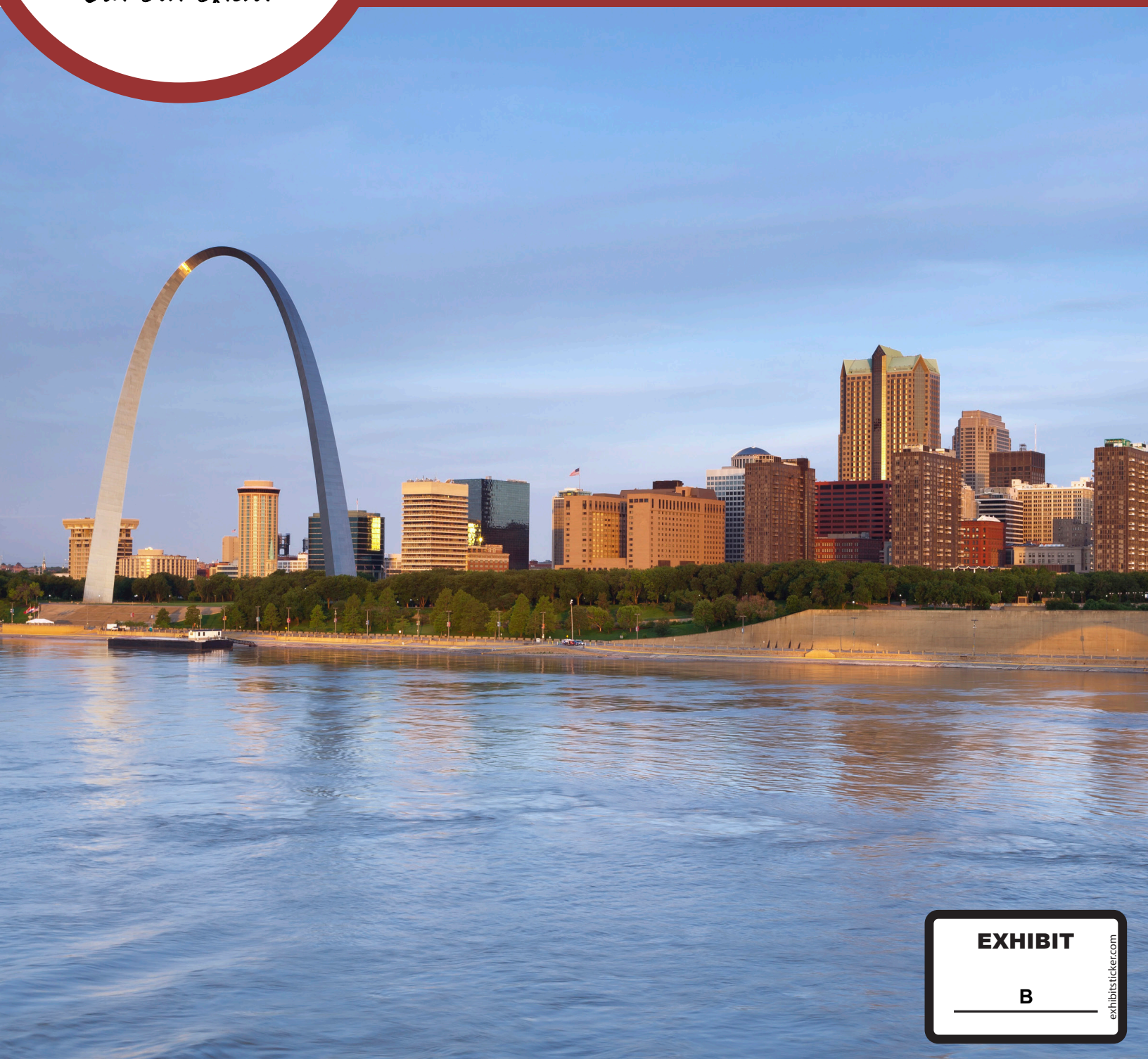
Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
Eat Out Often!

TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

EXHIBIT
A
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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

---

[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

---

[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University,**. **Northwest Missouri State University, Southeast Missouri State University, Truman State University, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $4.4 million decrease to a $224 million increase depending on business decisions.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

April 3, 2017

RECEIVED
APR 03 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III (2018-195)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by repealing Section 14 and amending Sections 2, 5, 6, 7, 9, 10 and 11 to read as follows:

Section 2. The house of representatives shall consist of **[**one hundred sixty-three**]** ten members from each congressional district elected at each general election and apportioned in the following manner: Within sixty days after the population of this state is reported to the President for each decennial census of the United States and, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days after notification by the governor that such a ruling has been made, the congressional district committee of each of the two political parties casting the highest vote for at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state representative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district **[**committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected**]** will refer to legislative districts that would have been used to elect members of Congress had they not been elected at large. Such legislative districts will continue to be formed after each decennial census of the United States and will be used for purposes of electing members of the Missouri house of representatives. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

The commissioners so selected shall on the fifteenth day, excluding Sundays and holidays, after all members have been selected, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary and shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission shall reapportion the representatives by dividing the population of the state by the number **[**one hundred sixty-three**]** of members of Congress to which the state of Missouri is entitled, and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission, the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 5. The senate shall consist of thirty-four members, divided in two groups of seventeen each, elected by the qualified voters of the **[**respective districts**]** state of Missouri for four years. **[**For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.**]**

Section 6. Each senator shall be thirty years of age, and next before the day of his election shall have been a qualified voter of the state for three years and a resident of the **[**district which he is chosen to represent**]** state. **[**for one year, if such district shall have been so long established, and if not, then of the district or districts from which the same shall have been taken.**]**

Section 7. **[**Within sixty days after the population of this state is reported to the President for each decennial census of the United States, and within sixty days after notification by the governor that a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

The commissioners so selected shall on the fifteenth day, excluding Sundays and holidays, after all members have been selected, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary and shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by

dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission, the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven members.

After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.]

An ordered list of candidates, ranked by number of votes received, from most to least, from each political party that is to appear on the ballot for both the senate and the house of representatives in each general election will be determined by means of a primary election, with each party electing a number of candidates up to, but not exceeding, three more than the number of members to be elected. All qualified candidates who file for each party's nomination will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and will cast a single vote for a single candidate to be nominated from that party for each office to be elected in the general election to follow.

A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the house in each congressional district by presenting petitions signed by one-half of one per cent of the legal voters in that congressional district. An independent candidate may qualify for a place on the ballot in a congressional district by presenting petitions signed by one-fifth of one percent of the legal voters in that congressional district. A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the senate by presenting petitions signed by one-half of one per cent of the legal voters in the state of Missouri. An independent candidate may qualify for a place on the ballot for the senate by presenting petitions signed by one-fifth of one percent of the legal voters in the state of Missouri. The number of "legal voters" is equal to, and determined by, the total vote for governor in the general election last preceding. Said petitions are to be delivered to the secretary of state no later than ninety days preceding the general election. At the time the petitions are presented, the political party will also notify the secretary of state of the method to be used by said party in nominating a slate of candidates.

The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.

In each general election, each voter will cast a single vote for the ordered list of a political party, or for a single independent candidate appearing on the ballot, or for a single write-in vote for a candidate not appearing on the ballot, having properly registered with the secretary of state as a write-in candidate.

To determine how many candidates in the house of representatives and the senate will be elected from each political party and which independent or write-in candidates will be elected (if any), the total number of valid votes cast for all parties and independent candidates will be divided by the number of seats to be elected to the house of representatives or to the senate. The resulting number will then be rounded to the nearest whole number. The total number of votes cast for each party or independent or write-in candidate will then be divided by that number and that number of candidates from each party is elected, with any remaining votes for each party above the number needed to elect that many candidates calculated as "surplus votes" for that party. Any independent candidate or valid write-in candidate receiving at least the number of votes needed for a seat is elected. The votes for any party or independent candidate falling short of the number needed to be elected are also treated as surplus votes.

The surplus votes of any political party or independent candidate having surplus votes, but not having enough surplus votes to win an additional seat, or a seat, may have those surplus votes transferred to another political party or independent candidate by notifying the Secretary of State in writing at least fourteen days before the date of the general election.

The number of candidates thus elected is calculated and subtracted from the total number of candidates to be elected. If additional candidates remain to be elected, the highest ordered remaining candidate from a party list, or independent candidate with the highest number of surplus votes, is elected. The number of surplus votes required to be elected is then deducted from that party's total votes and the process repeated until the requisite number of candidates has been elected.

In both primary and general elections, officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

If a senator or representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, the seat shall be filled by the next candidate from her or his party's ordered list, or in the case of an independent candidate, the candidate who would have been elected had there been one more member elected using the prescribed method for tabulating votes.

Section 9. Until the convening of the Seventy-fourth General Assembly the House of Representatives shall consist of one hundred sixty-three members elected from the one hundred sixty-three representative districts, as they existed January 1, 1965. Beginning with the election of representatives in the general election to be held in November of 2020, the House of Representatives shall consist of ten members elected from each congressional district. In the event that members of congress from Missouri are elected at large, congressional district boundaries will still be drawn and used in the election of members of the Missouri House of Representatives.

Section 10. The last decennial census of the United States shall be used in apportioning representatives and determining the population of senatorial and representative districts. Such districts may be altered from time to time as public convenience may require. Beginning with the general election to be held in November of 2020, senators will be elected on a state-wide basis, without districts.

Section 11. The first election of senators and representatives under this constitution, shall be held at the general election in the year one thousand nine hundred and forty-six when the whole number of representatives and the senators from the districts having even numbers, who shall compose the first class, shall be elected, and two years thereafter the whole number of representatives and the senators from districts having odd numbers, who shall compose the second class, shall be elected, and so on at each succeeding general election. Beginning with the general election to be held in November of 2020, senators from each class, will be elected at large on a state-wide basis.

[Section 14. Writs of election to fill vacancies in either house of the general assembly shall be issued by the governor.]

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-195)

Subject

Initiative petition from Winston Apple regarding a proposed constitutional amendment to Article III. (Received April 3, 2017)

Date

April 24, 2017

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact for this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated this reduces membership from 163 to 80. Would first affect FY 21 post the 11/2020 election. FY 21 savings is $3,879,714 (1/2 year). Savings estimate is $6,943,036 annually after that.

Member salary = 83 x $35,915 = $2,980,945
Member expense accounts = 83 x $8,400 = $697,200
Session mileage = 83 x 268 (ave weekly roundtrip mileage) x .37 x 19 (weeks of session) = $156,375
Session per diem = 83 x $113.60 x 70 (days of session) = $660,016
Legislative Assistant salary = 83 x $29,500 = $2,448,500.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal response.

Officials from the **Office of Administration** indicated:

Under this proposal:

- Beginning with the 2020 general election, Representatives and Senators will be elected at large, instead of by congressional districts.
- Each party will submit an ordered list of candidates for the general elections. Parties choose their list of candidates through a primary election.
- Independents may qualify for an election after submitting the required number of signatures.
- In the general election, each voter will cast a single vote for a political party and its ordered list of candidates, or for an independent candidate or for a single write-in candidate.
- The number of popular votes for each party will determine the number of candidates from their ordered list that are elected.
- Beginning with the 2020 general election, Senators will be elected on a statewide basis, without districts.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their agency.

Officials from the **Secretary of State's office** indicated this petition would change the composition of the General Assembly and cause representatives and senators to be elected by congressional district. At each primary election, voters would see a list of all

representative candidates in their congressional district and a list of all senate candidates from the state, with the ability to vote for one candidate from each list. This consolidation into congressional districts may incur the following costs:

Re-programming voting machines: Voting machines in Missouri are currently programmed to accept only single-page ballots – each of these machines would need to be reprogrammed to accept multiple-page ballots due to the potential for large numbers of candidates to file for each congressional district's seats (at both the primary and general elections).

Postage Costs: mailing envelopes used to return absentee ballots are printed with business reply permits – pursuant to RSMo 115.285, Local Election Authorities are reimbursed for these costs by the Missouri Secretary of State's Office at a current cost of $1.80 per envelope based on the current size and weight of the envelope and ballot; multiple-page ballots would increase these costs.

Ballot printing costs: Local Election Authorities bear the cost of printing ballots for each election – paying to print multiple page ballots would substantially increase printing costs.

Due to situational variables, it is not possible to determine a concrete amount of fiscal impact to this measure. However, the costs to the state and to local election authorities could be significant.

Additionally, their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition has no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **Platte County Board of Elections** indicated no fiscal impact.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

State government legislative operating costs are estimated to decrease by approximately $6.9 million annually. The state and local governments could incur unknown additional election-related costs that could be significant.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
APR 03 2017
STATE AUDITORS OFFICE

April 3, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed statutory amendment to Chapter 115 (2018-194)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Damien Johnson on April 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jay Ashcroft

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
APR 03 2017
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of .....,
A.D.....

.....
Signature of Notary

Notary Public (Seal) .....
My commission expires.....

.....
Address of Notary .

Be it enacted by the people of the state of Missouri

Section 115.427. is amended by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

115.427. 1. Persons seeking to vote in a public election shall establish their identity and eligibility to vote at the polling place by presenting a form of personal identification to election officials. No form of personal identification other than the forms listed in this section shall be accepted to establish a voter's qualifications to vote. Forms of personal identification that satisfy the requirements of this section are any one of the following:

(1) Nonexpired Missouri driver's license;

(2) Nonexpired or nonexpiring Missouri nondriver's license;

(3) A document that satisfies all of the following requirements:

(4) A student ID from an accredited institution of higher education.

(a) The document contains the name of the individual to whom the document was issued, and the name substantially conforms to the most recent signature in the individual's voter registration record;

(b) The document shows a photograph of the individual;

(c) Except form an accredited institution of higher education, [T]the document includes an expiration date, and the document is not expired, or, if expired, the document expired after the date of the most recent general election; and

(d) The document was issued by the United States, an accredited institution of higher education, or the state of Missouri; or

[(4)](5) Any identification containing a photograph of the individual which is issued by the Missouri National Guard, the United States Armed Forces, or the United States Department of Veteran Affairs to a member or former member of the Missouri National Guard or the United States Armed Forces and that is not expired or does not have an expiration date[.];

(6) A picture identification issued by the state of Missouri, an agency of the state, or a local election authority of the state;

(7) A identification issued by the United States government or agency thereof;

2. (1) An individual who appears at a polling place without a form of personal identification described in subsection 1 of this section and who is otherwise qualified to vote at that polling place may execute a statement, under penalty of perjury, averring that the individual is the person listed in the precinct register; averring that the individual does not possess a form of personal identification described in subsection 1 of this section; acknowledging that the individual is eligible to receive a Missouri nondriver's license free of charge if desiring it in order to vote; and acknowledging that the individual is required to present a form of personal identification, as described in subsection 1 of this section, in order to vote. Such statement shall be executed and sworn to before the election official receiving the statement. Upon executing such statement, the individual may cast a regular ballot, provided such individual presents one of the following forms of identification:

(a) non-picture Identification issued by the state of Missouri, an agency of the state, or a local election authority of the state;

[(b) Identification issued by the United States government or agency thereof;]

[(c) Identification issued by an institution of higher education, including a university, college, vocational and technical school, located within the state of Missouri;]

[(d)](b) A copy of a current utility bill, bank statement, government check, paycheck, or other government document that contains the name and address of the individual;

[(e)](c) Other identification approved by the secretary of state under rules promulgated pursuant to this section.

(2) For any individual who appears at a polling place without a form of personal identification described in subsection 1 of this section and who is otherwise qualified to vote at that polling place, the election authority may take a picture of such individual and keep it as part of that individual's voter registration file at the election authority.

(3) Any individual who chooses not to execute the statement described in subdivision (1) of this subsection may cast a provisional ballot. Such provisional ballot shall be counted, provided that it meets the requirements of subsection 4 of this section.

(4) For the purposes of this section, the term "election official" shall include any person working under the authority of the election authority.

3. The statement to be used for voting under subdivision (1) of subsection 2 of this section shall be substantially in the following form:

"State of .....

County of .....

I do solemnly swear (or affirm) that my name is .....; that I reside at .....; that I am the person listed in the precinct register under this name and at this address; and that, under penalty of perjury, I do not possess a form of personal identification approved for voting. As a person who does not possess a form of personal identification approved for

voting, I acknowledge that I am eligible to receive free of charge a Missouri nondriver's license at any fee office if desiring it in order to vote. I furthermore acknowledge that I am required to present a form of personal identification, as prescribed by law, in order to vote.

I understand that knowingly providing false information is a violation of law and subjects me to possible criminal prosecution.

.....

Signature of voter

Subscribed and affirmed before me this ..... day of ....., 20....

.....

Signature of election official"

4. A voter shall be allowed to cast a provisional ballot under section 115.430 even if the election judges cannot establish the voter's identity under this section. The election judges shall make a notation on the provisional ballot envelope to indicate that the voter's identity was not verified. The provisional ballot cast by such voter shall not be counted unless:

(1) (a) The voter returns to the polling place during the uniform polling hours established by section115.407 and provides a form of personal identification that allows the election judges to verify the voter's identity as provided in subsection 1 of this section; or

(b) The election authority verifies the identity of the individual by comparing that individual's signature to the signature on file with the election authority and determines that the individual was eligible to cast a ballot at the polling place where the ballot was cast; and

(2) The provisional ballot otherwise qualifies to be counted under section 115.430

5. The secretary of state shall provide advance notice of the personal identification requirements of subsection 1 of this section in a manner calculated to inform the public generally of the requirement for forms of personal identification as provided in this section. Such advance notice shall include, at a minimum, the use of advertisements and public service announcements in print, broadcast television, radio, and cable television media, as well as the posting of information on the opening pages of the official state internet websites of the secretary of state and governor.

6. (1) Notwithstanding the provisions of section 136.055 and section 302.181 to the contrary, the state and all fee offices shall provide one nondriver's license at no cost to any otherwise qualified voter who does not already possess such identification and who desires the identification in order to vote.

(2) This state and its agencies shall provide one copy of each of the following, free of charge, if needed by an individual seeking to obtain a form of personal identification described in subsection 1 of this section in order to vote:

(a) A birth certificate;

(b) A marriage license or certificate;

(c) A divorce decree;

(d) A certificate of decree of adoption;

(e) A court order changing the person's name;

(f) A Social Security card reflecting an updated name; and

(g) Naturalization papers or other documents from the United States Department of State proving citizenship.

Any individual seeking one of the above documents in order to obtain a form of personal identification described in subsection 1 of this section in order to vote may request the secretary of state to facilitate the acquisition of such documents. The secretary of state shall pay any fee or fees charged by another state or its agencies, or any court of competent jurisdiction in this state or any other state, or the federal government or its agencies, in order to obtain any of the above documents from such state or the federal government.

(3) All costs associated with the implementation of this section shall be reimbursed from the general revenue of this state by an appropriation for that purpose. If there is not a sufficient appropriation of state funds, then the personal identification requirements of subsection 1 of this section shall not be enforced.

(4) Any applicant who requests a nondriver's license for the purpose of voting shall not be required to pay a fee if the applicant executes a statement, under penalty of perjury, averring that the applicant does not have any other form of personal identification that meets the requirements of this section. The state of Missouri shall pay the legally required fees for any such applicant. The director of the department of revenue shall design a statement to be used for this purpose. The total cost associated with nondriver's license photo identification under this subsection shall be borne by the state of Missouri from funds appropriated to the department of revenue for that specific purpose. The department of revenue and a local election authority may enter into a contract that allows the local election authority to assist the department in issuing nondriver's license photo identifications.

7. The director of the department of revenue shall, by January first of each year, prepare and deliver to each member of the general assembly a report documenting the number of individuals who have requested and received a nondriver's license photo identification for the purposes of voting under

this section. The report shall also include the number of persons requesting a nondriver's license for purposes of voting under this section, but not receiving such license, and the reason for the denial of the nondriver's license.

8. The precinct register shall serve as the voter identification certificate. The following form shall be printed at the top of each page of the precinct register:

VOTER'S IDENTIFICATION CERTIFICATE

Warning: It is against the law for anyone to vote, or attempt to vote, without having a lawful right to vote.

PRECINCT

WARD OR TOWNSHIP .....

GENERAL (SPECIAL, PRIMARY) ELECTION

Held ....., 20....

Date

I hereby certify that I am qualified to vote at this election by signing my name and verifying my address by signing my initials next to my address.

9. The secretary of state shall promulgate rules to effectuate the provisions of this section.

10. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2002, shall be invalid and void.

11. If any voter is unable to sign his name at the appropriate place on the certificate or computer printout, an election judge shall print the name and address of the voter in the appropriate place on the precinct register, the voter shall make his mark in lieu of signature, and the voter's mark shall be witnessed by the signature of an election judge.

12. This section [shall] <u>became [</u>become] effective [only] upon the passage and approval by the voters of a constitutional amendment submitted to them by the general assembly regarding the authorization of photo identification requirements for elections by general law. <u>Future Amendments to this section shall become effective immediately.</u> [If such constitutional amendment is approved by the voters, this section shall become effective June 1, 2017.]

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
MAR 31 2017
STATE AUDITORS OFFICE

March 31, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapter 128 (2018-193)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on March 31, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
MAR 31 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

Sections 128.346 and 128.348 of the Revised Missouri Statutes are hereby amended, to read as follows:

128.346. The districts established by the provisions of sections 128.400 to 128.440 for the election of representatives to the Congress of the United States shall be effective beginning with election to the 108th Congress and through the election of the 112th Congress. The districts established by sections 128.451 to 128.458 for the election of representatives to the Congress of the United States shall be effective beginning with the election to the 113th Congress. Effective beginning with the election of representatives to the 117th Congress, representatives to the Congress of the United States from the state of Missouri shall be elected at large, in the manner prescribed by section 128.348.

128.348. 1. The state of Missouri is hereby divided into nine congressional districts. Effective with the election for the 113th Congress, the state of Missouri shall consist of eight congressional districts. [The legal voters of each district shall elect one member of Congress of the United States.] Effective with the election for the 117th Congress, representatives to the Congress of the United States shall be elected according to the method described herein.

2. Each political party shall nominate an ordered list of candidates, including a number no greater than the number of representatives (members) to which the state of Missouri is entitled.

3. Each political party may determine its ordered list of candidates through a primary election, caucuses, a statewide party nominating convention, or a combination of caucuses and a statewide party nominating convention.

4. A primary election will be the default method for parties to select an ordered list of candidates. Should a political party determine that they will select candidates by caucuses, statewide party convention, or a combination of caucuses and a statewide party convention, a legally designated representative of the party will notify the secretary of state, in writing, of the method to be used, no later than the first day of April of an election year.

5. If a political party elects to use a primary election as the means of determining its candidates for the general election, all qualified candidates who file for said party's nominations will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and to vote for one, and only one, candidate from that party.

6. An ordered list of candidates for each party, including a number of candidates totaling up to the number of seats in Congress to which the state of Missouri is entitled, will be placed on the ballot in the general election, based on the number of votes received by each candidate in the primary election for each party.

7. Should a party elect to nominate candidates for the general election by means of caucuses and/or a statewide party convention, an ordered list of that party's candidates shall be filed with the secretary of state's office no less than 90 days before the general election date in election years.

8. To qualify for a place on the ballot, an independent candidate must present petitions signed by one-fifth of one percent of the total number of legal voters in the general election last preceding. The number of "legal voters" is equal to, and determined by, the total vote for governor in the general election last preceding. Said petitions must be delivered to the secretary of state no later than one-hundred and twenty days before the general election.

9. The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.

10.) In each general election, each voter will cast a single vote for a political party, and its ordered list of candidates, or for an independent candidate for Congress appearing on the ballot, or a single write-in vote for a candidate not appearing on the ballot, who has properly registered with the secretary of state as a write-in candidate.

11. The following method of tabulation shall be used to determine how many representatives will be elected from each political party and which independent candidates (if any) will be elected:

(1) The total number of valid votes cast for all parties, and independent and valid write-in candidates, will be divided by the number of representatives to be elected. The resulting number will then be rounded to the nearest whole number. The total number of votes cast for each party or independent candidate will then be divided by that number and each party awarded that number of representatives and that many candidates from that party's ordered list are elected. Any independent or valid write-in candidate receiving at least the number of votes needed to be elected is elected.

(2) Any remaining votes for each party above the number needed to elect those representatives are counted as "surplus votes" for that party. The votes for any party or independent candidate or valid write-in candidate falling short of the number needed to be elected are also treated as surplus votes.

(3) The number of representatives thus elected is subtracted from the total number of representatives to be elected. If the number of representatives thus elected is fewer than the number to which the state of Missouri is entitled, additional representatives will be elected, in order, based on the highest number of surplus votes. The next candidate(s) from the ordered list of a party that has already had some candidates elected, the first candidate from the ordered list of a party that has not had a candidate elected, or the independent or valid write-in candidate, with the most surplus votes is elected. If there is more than one additional representative to be elected, the number of surplus votes needed to be elected is to be deducted from the total of surplus votes held by that party or independent candidate and the process is repeated until all seats are filled.

(4) In both primary and general elections, officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

12. All subsections and all clauses of this statute, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-193)

Subject

Initiative petition from Winston Apple regarding a proposed amendment to Chapter 128 of the Revised Statutes of Missouri. (Received March 31, 2017)

Date

April 20, 2017

Description

This proposal would amend Chapter 128 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that the enactment of this proposal would result in increased litigation. They expect that they could absorb costs associated with the increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Sections 128.346 and 128.348 RSMo by changing election of Congressional candidates to an "at large" process instead of by congressional districts.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated this petition would cause United States representatives to be elected at-large from the state, with each party presenting an ordered list of candidates for U.S. Representative at the general election following the primary election (or alternative party nominating method). This may incur the following costs:

Re-programming voting machines: Voting machines in Missouri are currently programmed to accept only single-page ballots – each of these machines would need to be reprogrammed to accept multiple-page ballots due to the length of each party's list of candidates (at both the primary and general elections).

Postage Costs: mailing envelopes used to return absentee ballots are printed with business reply permits – pursuant to RSMo 115.285, Local Election Authorities are reimbursed for these costs by the Missouri Secretary of State's Office at a current cost of $1.80 per envelope based on the current size and weight of the envelope and ballot; multiple-page ballots would increase these costs.

Ballot printing costs: Local Election Authorities bear the cost of printing ballots for each election – paying to print multiple page ballots would substantially increase printing costs.

Due to situational variables, it is not possible to determine a concrete amount of fiscal impact to this measure. However, the costs to the state and to local election authorities could be significant.

Additionally, their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the

Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this statutory amendment would have no fiscal impact on their city.

Officials from the **Platte County Board of Elections** indicated no fiscal impact.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** and the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

The state and local governments could incur unknown additional election-related costs that could be significant.

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable , Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the 221.030 1 shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the th day of November, , and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

RECEIVED
MAR 31 2017
MO. SECRETARY OF STATE

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this ____ day of _____, A.D. _____

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires.

PETITION TO ESTABLISH THE ST LOUIS CITY FIRE PROTECTION DISTRICT INVOKING SECTION 321.030RSMO2016

BE IT ENACTED BY THE VOTERS OF ST LOUIS MISSOURI: SHALL THE ST LOUIS CITY FIRE PROTECTION DISTRICT BE INCORPORATED AS A FIRE PROTECTION DISTRICT INVOKING SECTION 321.030RSMO2016 YES?OR NO?

[redacted]

Petition required for organization of fire district--who to sign.

321.030 [T]he organization of a district shall be initiated by a petition filed in the office of the clerk of the circuit court vested with jurisdiction in any county in which all or part of the real property in the proposed district is situated. The petition shall be signed by one hundred voters or more of the district.]

[redacted]

RECEIVED
MAR 3 0 2017
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 30, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed statutory amendment to Chapter 115 (2018-191)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Damien Johnson on March 30, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
MAR 30 2017
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

	Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of .....,
A.D.....

.....
Signature of Notary

Notary Public (Seal) .....
My commission expires.....

.....
Address of Notary .

Be it enacted by the people of the state of Missouri

Section 115.427. is amended by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

115.427. 1. Persons seeking to vote in a public election shall establish their identity and eligibility to vote at the polling place by presenting a form of personal identification to election officials. No form of personal identification other than the forms listed in this section shall be accepted to establish a voter's qualifications to vote. Forms of personal identification that satisfy the requirements of this section are any one of the following:

(1) Nonexpired Missouri driver's license;

(2) Nonexpired or nonexpiring Missouri nondriver's license;

(3) A document that satisfies all of the following requirements:

(4) A student ID from an accredited institution of higher education.

(a) The document contains the name of the individual to whom the document was issued, and the name substantially conforms to the most recent signature in the individual's voter registration record;

(b) The document shows a photograph of the individual;

(c) Except form an accredited institution of higher education, [T]the document includes an expiration date, and the document is not expired, or, if expired, the document expired after the date of the most recent general election; and

(d) The document was issued by the United States, an accredited institution of higher education, or the state of Missouri; or

[(4)](5) Any identification containing a photograph of the individual which is issued by the Missouri National Guard, the United States Armed Forces, or the United States Department of Veteran Affairs to a member or former member of the Missouri National Guard or the United States Armed Forces and that is not expired or does not have an expiration date[.];

(6) A picture identification issued by the state of Missouri, an agency of the state, or a local election authority of the state;

(7) A identification issued by the United States government or agency thereof;

2. (1) An individual who appears at a polling place without a form of personal identification described in subsection 1 of this section and who is otherwise qualified to vote at that polling place may execute a statement, under penalty of perjury, averring that the individual is the person listed in the precinct register; averring that the individual does not possess a form of personal identification described in subsection 1 of this section; acknowledging that the individual is eligible to receive a Missouri nondriver's license free of charge if desiring it in order to vote; and acknowledging that the individual is required to present a form of personal identification, as described in subsection 1 of this section, in order to vote. Such statement shall be executed and sworn to before the election official receiving the statement. Upon executing such statement, the individual may cast a regular ballot, provided such individual presents one of the following forms of identification:

(a) non-Identification issued by the state of Missouri, an agency of the state, or a local election authority of the state;

(b) non-Identification issued by the United States government or agency thereof;

[(c) Identification issued by an institution of higher education, including a university, college, vocational and technical school, located within the state of Missouri;]

[(d)](c) A copy of a current utility bill, bank statement, government check, paycheck, or other government document that contains the name and address of the individual;

[(e)](d) Other identification approved by the secretary of state under rules promulgated pursuant to this section.

(2) For any individual who appears at a polling place without a form of personal identification described in subsection 1 of this section and who is otherwise qualified to vote at that polling place, the election authority may take a picture of such individual and keep it as part of that individual's voter registration file at the election authority.

(3) Any individual who chooses not to execute the statement described in subdivision (1) of this subsection may cast a provisional ballot. Such provisional ballot shall be counted, provided that it meets the requirements of subsection 4 of this section.

(4) For the purposes of this section, the term "election official" shall include any person working under the authority of the election authority.

3. The statement to be used for voting under subdivision (1) of subsection 2 of this section shall be substantially in the following form:

"State of .....

County of .....

I do solemnly swear (or affirm) that my name is .....; that I reside at .....; that I am the person listed in the precinct register under this name and at this address; and that, under penalty of perjury, I do not possess a form of personal identification approved for voting. As a person who does not possess a form of personal identification approved for

voting, I acknowledge that I am eligible to receive free of charge a Missouri nondriver's license at any fee office if desiring it in order to vote. I furthermore acknowledge that I am required to present a form of personal identification, as prescribed by law, in order to vote.

I understand that knowingly providing false information is a violation of law and subjects me to possible criminal prosecution.

.....

Signature of voter

Subscribed and affirmed before me this ..... day of ....., 20....

.....

Signature of election official"

4. A voter shall be allowed to cast a provisional ballot under section 115.430 even if the election judges cannot establish the voter's identity under this section. The election judges shall make a notation on the provisional ballot envelope to indicate that the voter's identity was not verified. The provisional ballot cast by such voter shall not be counted unless:

(1) (a) The voter returns to the polling place during the uniform polling hours established by section115.407 and provides a form of personal identification that allows the election judges to verify the voter's identity as provided in subsection 1 of this section; or

(b) The election authority verifies the identity of the individual by comparing that individual's signature to the signature on file with the election authority and determines that the individual was eligible to cast a ballot at the polling place where the ballot was cast; and

(2) The provisional ballot otherwise qualifies to be counted under section 115.430

5. The secretary of state shall provide advance notice of the personal identification requirements of subsection 1 of this section in a manner calculated to inform the public generally of the requirement for forms of personal identification as provided in this section. Such advance notice shall include, at a minimum, the use of advertisements and public service announcements in print, broadcast television, radio, and cable television media, as well as the posting of information on the opening pages of the official state internet websites of the secretary of state and governor.

6. (1) Notwithstanding the provisions of section 136.055 and section 302.181 to the contrary, the state and all fee offices shall provide one nondriver's license at no cost to any otherwise qualified voter who does not already possess such identification and who desires the identification in order to vote.

(2) This state and its agencies shall provide one copy of each of the following, free of charge, if needed by an individual seeking to obtain a form of personal identification described in subsection 1 of this section in order to vote:

(a) A birth certificate;

(b) A marriage license or certificate;

(c) A divorce decree;

(d) A certificate of decree of adoption;

(e) A court order changing the person's name;

(f) A Social Security card reflecting an updated name; and

(g) Naturalization papers or other documents from the United States Department of State proving citizenship.

Any individual seeking one of the above documents in order to obtain a form of personal identification described in subsection 1 of this section in order to vote may request the secretary of state to facilitate the acquisition of such documents. The secretary of state shall pay any fee or fees charged by another state or its agencies, or any court of competent jurisdiction in this state or any other state, or the federal government or its agencies, in order to obtain any of the above documents from such state or the federal government.

(3) All costs associated with the implementation of this section shall be reimbursed from the general revenue of this state by an appropriation for that purpose. If there is not a sufficient appropriation of state funds, then the personal identification requirements of subsection 1 of this section shall not be enforced.

(4) Any applicant who requests a nondriver's license for the purpose of voting shall not be required to pay a fee if the applicant executes a statement, under penalty of perjury, averring that the applicant does not have any other form of personal identification that meets the requirements of this section. The state of Missouri shall pay the legally required fees for any such applicant. The director of the department of revenue shall design a statement to be used for this purpose. The total cost associated with nondriver's license photo identification under this subsection shall be borne by the state of Missouri from funds appropriated to the department of revenue for that specific purpose. The department of revenue and a local election authority may enter into a contract that allows the local election authority to assist the department in issuing nondriver's license photo identifications.

7. The director of the department of revenue shall, by January first of each year, prepare and deliver to each member of the general assembly a report documenting the number of individuals who have requested and received a nondriver's license photo identification for the purposes of voting under

this section. The report shall also include the number of persons requesting a nondriver's license for purposes of voting under this section, but not receiving such license, and the reason for the denial of the nondriver's license.

8. The precinct register shall serve as the voter identification certificate. The following form shall be printed at the top of each page of the precinct register:

VOTER'S IDENTIFICATION CERTIFICATE

Warning: It is against the law for anyone to vote, or attempt to vote, without having a lawful right to vote.

PRECINCT

WARD OR TOWNSHIP .....

GENERAL (SPECIAL, PRIMARY) ELECTION

Held ....., 20....

Date

I hereby certify that I am qualified to vote at this election by signing my name and verifying my address by signing my initials next to my address.

9. The secretary of state shall promulgate rules to effectuate the provisions of this section.

10. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2002, shall be invalid and void.

11. If any voter is unable to sign his name at the appropriate place on the certificate or computer printout, an election judge shall print the name and address of the voter in the appropriate place on the precinct register, the voter shall make his mark in lieu of signature, and the voter's mark shall be witnessed by the signature of an election judge.

12. This section [shall] <u>became [</u>become] effective [only] upon the passage and approval by the voters of a constitutional amendment submitted to them by the general assembly regarding the authorization of photo identification requirements for elections by general law. <u>Future Amendments to this section shall become effective immediately.</u> [If such constitutional amendment is approved by the voters, this section shall become effective June 1, 2017.]

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
MAR 30 2017
STATE AUDITORS OFFICE

March 30, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article I (2018-190)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on March 30, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
MAR 30 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1					
2					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

Subscribed and sworn to before me this ..... day of .....,
A.D.....

…....
Address of Affiant

.....
Signature of Notary

Notary Public (Seal) ….....
My commission expires.....

….....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

35 of Article I of the Constitution of Missouri is amended by modifying section 35. The existing section 35 is set forth hereinafter with the new matter underlined and deleted matter in brackets,

Definitions of terms, as used in this Act:

A) Cannabis: refers to the cannabis, marihuana, marijuana, cannabis, sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including but not limited to, derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof

B) Hemp: The fiber of this plant, extracted from the stem and used to make rope, fabrics, fiberboard, clothing, and paper. The sister plant of cannabis

That agriculture which provides food, energy, health benefits, and security is the foundation and stabilizing force of Missouri's economy. To protect this vital sector of Missouri's economy, the right of farmers and ranchers to engage in farming and ranching practices, including but not limited to the right to grow cannabis and hemp, shall be forever guaranteed in this state, subject to duly authorized powers, if any, conferred by article VI of the Constitution of Missouri.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-190)

Subject

Initiative petition from Damien Johnson regarding a proposed constitutional amendment to Article I. (Received March 30, 2017)

Date

April 19, 2017

Description

This proposal would amend Article I of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that the enactment of this proposal would result in increased litigation. They expect that they could absorb costs associated with the increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this legislation.

Officials from the **Missouri State Highway Patrol** indicated no fiscal impact on their office.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal revises Article I, Section 35 to explicitly protect the right to grow cannabis and hemp.

This proposal should not have a fiscal impact for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this constitutional amendment would have no fiscal impact on their city.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from **Missouri State University** indicated no fiscal impact to their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education,** the **Department of Labor and Industrial Relations, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local government entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 29, 2017

RECEIVED
MAR 29 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Marc Ellinger regarding a proposed constitutional amendment to Article IV, version 4 (2018-189)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Marc Ellinger on March 28, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title)

RECEIVED
MAR 28 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article IV is amended by adding one new section to be known as Section 40(c), to read as follows:

40(c). 1. The provisions of Section 40(c) shall be known as the Native Missouri Wildlife Conservation Amendment, and its purpose is to prohibit the shipment or transportation of big game species to or from Missouri destinations. It shall be the public policy of this state to protect the health of Missouri's livestock and wildlife by changing the requirements related to the transport of captive big game species. Transport of big game species into and inside Missouri presents a significant threat to the safety, health and welfare of wildlife across Missouri due to the risk of introducing disease. Confined big game killing or the owning, possessing, confining, transporting, breeding, or raising of privately owned big game species shall not be construed as hunting, farming or ranching for any purpose under this Constitution or any law.

2. Upon the effective date of this Amendment the delivery, receipt, shipping, or transportation of any big game species to or from any destination within Missouri shall be prohibited. The only exceptions to this general prohibition are as follows:

a. Prior to and on November 7, 2019, a Missouri facility legally confining big game species with all required permits in place on November 6, 2018, and which continuously maintains all required permits, may deliver, ship or transport any big game species for which such facility maintains such permits, and any person engaged in the shipping to or from any such excepted facility however the shipping of such big game species into Missouri shall not be permitted under this exception;

b. When such big game species are being transported to or from any facility and will be held under the authority of the Missouri Conservation Commission or under the supervision of an authorized representative of: governmentally owned zoos or wildlife or research organizations; American Zoo and Aquariums Association accredited not-for-profit facilities; nationally accredited universities, colleges or, schools; incorporated cities, states or federal agencies for scientific research;

c. When such big game species are transported through Missouri in compliance with federal regulations, with both origin and destination outside of Missouri;

d. When such big game species are transported to any commercial slaughter facility operating under state or federal inspection for commercial meat production; or

e. When such big game species are transported, for treatment of illness or injury, between a veterinary facility and a facility authorized to possess privately owned big game species.

3. In addition to the authority vested in it by Section 40(a) of Article IV, the Missouri Conservation Commission shall have primary authority over the regulation of privately-owned big game species. The Missouri Conservation Commission may make such rules and regulations as may be deemed necessary for the enforcement of this Amendment.

4. Definitions.

a. "Big game species" as used in this amendment shall not include any livestock as defined in this Amendment, and shall include all of the following animals, either as live animals, embryos, ova, or semen: (a) all cervids and cervid hybrids including but not limited to white-tailed deer, elk, mule deer, red deer, fallow deer, sika deer and moose; (b) mountain goats, bighorn sheep, Dall's sheep, pronghorn, peccary, and javelina; and (c) any other ungulate (hooved animal) confined or bred primarily for confined big game killing and not for commercial meat production or other human use.

b. "Confined big game killing" as used in this amendment shall mean an act in which an owner, operator or agent of a big game preserve permits, allows, enables or facilitates the killing or attempted killing of big game species inside a big game preserve, but shall not include any act of a government employee or agent to control an animal population, to prevent or control diseases, or when government action is otherwise required or authorized by law.

c. "Livestock" as used in this Amendment, shall mean cattle, fully domesticated swine, fully domesticated sheep, fully domesticated goats, fully domesticated bison, fully domesticated ratite birds, fully domesticated rabbits, and fully domesticated horses, donkeys, mules, alpacas and llamas, where such fully domesticated animals are raised primarily for human use or consumption not including confined big game killing. Livestock shall also include embryos, ova, and semen of any designated animal in this definition.

d. "Big game preserve" as used in this amendment shall mean a facility confining privately-owned big game species within fencing designed or intended to reduce the ability of such privately-owned big game species to escape or to evade pursuit.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-189)

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article IV. (Received March 29, 2017)

Date

April 18, 2017

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** the **Missouri Joint Municipal Electric Utility Commission,** and **Metropolitan Zoological Park and Museum District**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated this initiative petition will have a substantial negative impact on the cervid industry in Missouri.

The Agricultural and Food Policy Center at Texas A&M University conducted an economic impact study of the United States cervid farming industry in 2007 (attached) based on a survey of the deer farms in Texas and the elk producers located throughout the United States.

Based on the values provided by the Texas A&M study, and an estimated 225 cervid producers in Missouri, the industry has an estimated direct annual economic impact in Missouri of approximately $98 million. The number of people employed in the cervid industry in Missouri is estimated to be approximately 1,150 individuals. In addition, based on the study and 2007 property tax rates, the cervid industry pays approximately $700,000 annually in local property taxes.

They included the following information on the economic impact of the United States cervid farming industry:

ECONOMIC IMPACT OF THE UNITED STATES CERVID FARMING INDUSTRY

Agricultural and Food Policy Center
Texas A&M University

August 2007

AFPC

Department of Agricultural Economics
Texas Agricultural Experiment Station
Texas Cooperative Extension
Texas A&M University

College Station, Texas 77843-2124
Telephone: (979) 845-5913
Fax: (979) 845-3140
http://www.afpc.tamu.edu

Acknowledgements

In no way could the study have been completed without the outstanding efforts of the members and leadership of both the North American Deer Farmers Association (NADeFA®) and the Texas Deer Association (TDA). We truly appreciate all of the members who took the time to complete and return the survey. In addition, we sincerely thank all of those who took time out of their schedules to educate us and let us see your operations first hand. Specifically, from NADeFA®: Fred Huebner, Holly Johnson, Glenn Dice, Julie Getschmann, and Shelly Burns. From the TDA: Scott Bugai, Dick Cain, and Lisa Barton. The following people and operations: Robert Williams of RW Trophy Ranch, Buddy Jordan of Indian Creek Ranch, Trophy Ridge Ranch (Dick Cain), Buck Naked Trophy Whitetails (Scott Bugai), Stephen Frisina of Celebrity Ranch, Tom Malouf of Malouf's Trophy Whitetails, Robert Gegenheimer of Cotton Mesa, Dave McQuaig of Cougar Ridge Whitetails, Mike Hine of Timberghost Ranch, Pat Cooper, Russ Walk of Walk's Whitetails, Dean Borntrager of Sundance Whitetails, Levi Mast of Mast's Whitetails, Dave Griffith of Griffith Brothers Whitetail Ridge, and Tim Tague and Doug Berty of Double T Ranch.

ECONOMIC IMPACT OF THE UNITED STATES CERVID FARMING INDUSTRY

David P. Anderson
Brian J. Frosch
Joe L. Outlaw

Agricultural & Food Policy Center
Department of Agricultural Economics
Texas Agricultural Experiment Station
Texas Cooperative Extension
Texas A&M University

APFC Research Report 07-4

August 2007

College Station, Texas 77843-2124
Telephone: 979.845.5913
Fax: 979.845.3140
Web site: http://www.afpc.tamu.edu/

Executive Summary

- The cervid farming industry is, perhaps, the fastest growing industry in rural America.
- Over 2,000 industry participants were surveyed, with a response rate of 14 percent.
- This survey, designed to estimate the economic impact of the industry, was performed in late 2006-early 2007.
- The average whitetail deer farm had 82 deer, composed of 28 males, 28 females, 26 fawns, and had an average birth rate of 1.31 fawns per doe in 2006.
- Breeding operations reported expenditures averaging $101,000 per year.
- The cervid farming industry has a direct economic impact of $893.5 million.
- When incorporating the indirect impacts of the industry, for example, the farm's expenditures on feed, veterinary supplies, fuel and other purchases, the total economic impact of the industry is $2.3 billion.
- One of the major customers of this industry is hunters. Estimating the impact of hunting dollars spent, with hunters as the consumer of cervid farming products, an additional $757 million is generated by the cervid farming industry.
- The total impact of the industry, combining the farming and hunting components, is $3.0 billion annually.
- The economic activity of the cervid farming industry supports 29,199 jobs, most of which are in rural America. If this industry did not exist, those jobs would have to be supported by some other economic activity.
- These results highlight the fact that the cervid farming industry is a growing and important industry in rural America.

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316

Introduction

The cervid, or deer, farming industry is a vital and growing business in rural areas of the United States. As demographic and market forces tend to shift traditional revenue sources away from rural communities, their economies increasingly rely on new industries such as this one. As the industry has grown, participants and legislators have developed an interest in measuring the economic contribution of the industry on their respective communities. In addition, the industry is governed by a myriad of state and federal laws, regulations, and jurisdictions. Since the majority of industry regulation is left up to the states, a significant amount of variability in the regulations exists from state to state. This lack of consistency in laws and regulations may be a factor affecting future industry growth in some states. The rapid growth of the industry and an array of policy issues led the industry to request this study of the size and economic importance of the cervid farming industry. In 2006, the Agricultural and Food Policy Center (AFPC) at Texas A&M University was requested by former Texas Congressman Henry Bonilla to undertake this study. The primary objective of this study is to determine the economic impact of the United States cervid farming industry. Secondary objectives include providing a current description of typical industry participants and cost estimates for the major categories of expenses on cervid farming operations.

Cervid Industry

The term "cervid" refers to any one of the various members of the cervidae family. This family includes members such as whitetail deer, elk, fallow, reindeer, axis, sika, and red deer among others.[1]

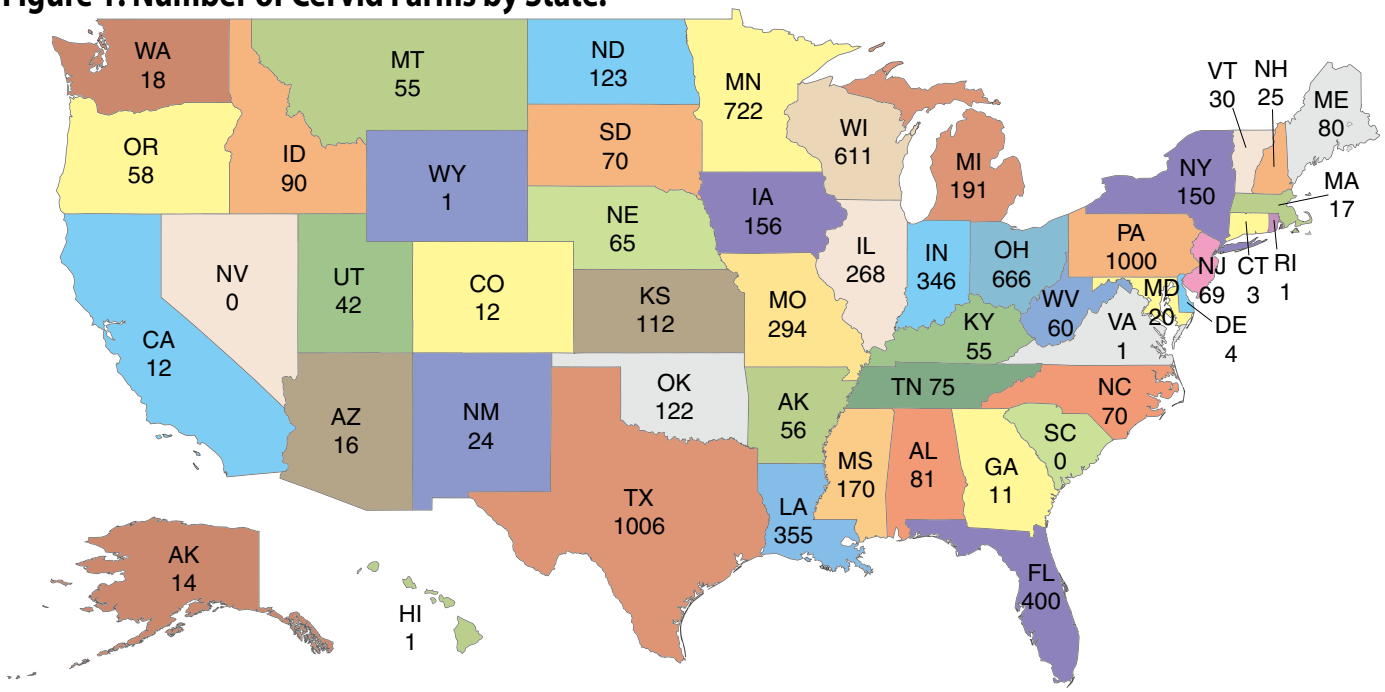
Like any industry, the cervid farming industry involves producers and consumers. In general, the production side of the industry is comprised of breeding stock producers, trophy hunting preserves, commercial venison producers, and commercial scent collection. Some commercial production operations may take on a single segment, such as one producing and selling only breeding stock. Others may consist of any combination of these, such as an operation producing venison and velvet, while also collecting urine for scent sales. Consumers of the industry include hunters (for scent products and hunting) other breeders, and consumers of venison and related products (hides, velvet, shed antlers, etc.).

Figure 1 displays the estimated number of cervid farms per state. This inventory was compiled by the administrative staff at the North American Deer Farmers Association (NADeFA®) through contact with the appropriate state agency. Those states that did not have an exact count provided their best estimate. Across the nation, the total number of cervid farms was 7,828, with Pennsylvania and Texas home to around 1,000 farms each. The total number of hunting preserves is estimated at 2,639, yet this only represents an estimate of those that are related to the cervid farming industry. As an example of the growth the cervid farming industry is experiencing, there were 946 permitted breeding facilities in Texas in late summer 2006. However, when the analysis took place early in the spring of 2007, there were 1,006 permitted facilities. In addition, it is important to note that there are approximately 1,600 Amish operations included in the national total. For many in the Amish communities, deer breeding is another way to diversify their operations. A number of industry participants find that this form of farming provides an opportunity to turn a greater profit on a relatively small amount of acreage than traditional farming or ranching enterprises.

The trophy hunting segment of this industry relates only to those operations that purchase outright or release their own cervids into a hunting preserve. This segment represents the primary end market for the breeding stock industry. Trophy hunting, in this sense, involves hunting trophy cervids within high fenced hunting preserves. This generally occurs via 3-6 day hunt packages, where the hunter is provided lodging, meals, and a guided hunt for a set fee. Hunter expenditures included in this study only include those hunters that are related to this industry. In other words, hunters, in the context of this study, are only those that hunt at operations that either purchase or release deer from breeding operations into their hunting operations. Breeding operations represent the largest segment of the cervid farming industry. These operations raise and sell breeding stock to other industry breeders as well as hunting preserves. The commercial venison segment is similar to other food animal production operations, with fallow, elk, and red deer being the primary species reared. Cervids are raised to market age, processed, and the resulting venison is sold. In addition to venison, these operations may sell other co-products such as velvet, hides, and antlers. The last segment is the commercial urine, or scent, collection operations. These operations are found to stand alone or co-exist with other operational segments, where the urine is collected from males and females to sell as a hunting attractant.

[1] "Cervid." The American Heritage® Science Dictionary. Houghton Mifflin Company. 20 Jul. 2007. Dictionary.com http://dictionary.reference.com/browse/cervid

Figure 1: Number of Cervid Farms by State.



Methodology

As previously mentioned, the primary objective of this study is to estimate the economic impact of the United States cervid farming industry. In order to do this, a survey instrument was developed to collect detailed operational information from industry participants. This information was then combined with the inventory of cervid farms to analyze the production side of the industry. In addition, an analysis was performed to determine the impact of hunters, but only the portion of hunters who are related to the cervid farming industry. The production and hunting components were then combined to estimate the economic impact of the cervid farming industry.

Data Collection

During the late summer and early fall of 2006, background information to develop the survey was gained through site visits to cervid farms across the nation. Interviews from these visits provided a base set of information that was then utilized to develop the survey instrument. The survey was then reviewed by industry participants, revised, and sent to over 700 members of NADeFA® and 1,300 members of the Texas Deer Association (TDA) over the fall of 2006 to early 2007. Overall, the extensive survey achieved a response rate of 14 percent. These memberships were selected to participate in this study because they represent all facets of the cervid farming industry.

Survey Development

The actual survey instruments are contained in Appendix A (NADeFA®) and Appendix B (TDA). For the purposes of the survey, the cervid farming industry was segmented into three operational structures: breeding only, breeding and hunting, and hunting only operations. Breeding only operations were defined as those that only involve the scientific breeding and rearing of cervids for the purpose(s) of breeding stock, commercial venison, or commercial urine collection. Hunting only operations relate to only those hunting preserves that purchase cervids from breeding operations as stockers or as breeding stock for release into the preserve. Operations that manage their deer populations by selective harvest and nutritional supplements, rather than supplementing the natural genetics with deer released from breeding operations, are not included in this category. Breeding and hunting operations represent those that engage in breeding activities while also utilizing their own breeding stock, or purchased breeding stock, to supplement the genetics and/or populate their hunting preserve.

While a majority of the industry are whitetail deer producers, a variety of cervid species are raised as well, including elk, red deer, mule deer, sika, pere david's, reindeer, axis, fallow, and muntjak. The surveys proved to be quite extensive, as they were designed to represent producers of all of these cervid species and operational segments. For breeding operations, the survey included questions regarding the operation in general, herd inventory, purchases, sales, capital expenditures, veterinary expenditures, labor, feeding rates and expenditures, utilities, and other miscellaneous expenses. For hunting operations, the base operational questions remained the same, however, hunting related questions were included as well, such as the number of hunters, harvest rate, percentage of herd from breeding operations, hunt revenues, processing, and taxidermy.

Figure 2: Typical Fenced Paddock.

Survey Results

General Operations

Of the 302 respondents, 61 percent were breeding only operations, 32 percent were breeding and hunting operations, and 7 percent were hunting only operations. Respondents represented 26 of the 48 states that have some type of cervid operation. When combining all survey respondents, operations have been in business, on average, since 1999.

From the NADeFA® survey results, the average whitetail deer breeding operation reported a total of 82 deer, on close to 25 acres. Of these, 28 were bucks, 28 were does, and 26 were fawns. In 2005, bred does had an average of 1.24 fawns each, which increased to 1.31 for the 2006 fawning season. Average annual mortality rate was reported to be 9.6 percent. For comparison, whitetail breeding operations from the Texas survey were slightly larger, averaging 114 head, on a little more than 64 acres. Of these, 42 were bucks, 44 were does, with the remainder being fawns. Bred does averaged 1.27 fawns each in 2005 and 1.37 in 2006, slightly higher than the national results. Overall herd mortality rate was reported to be 5.7 percent.

Table 1 above contains a summary of the average operational costs across all survey respondents. A quick glance through the table reveals expected differences across operations for general expenditures. Breeding and hunting operations displayed the largest footprint, around 1,700 acres, as expected. Breeding only operations were the smallest, averaging around 20 acres in pens. Pens, in this sense, are typically described as a high fenced paddock, as shown in Figure 2. For those pens holding bucks or bulls, a protective screening is often used in conjunction with the fence to keep an antler from hooking in the fence accidentally. In addition, screening may be used as a visual barrier, particularly if the operation is near a road, to shield the deer from view from passers-by.

Breeding and hunting operations had more area devoted to breeding pens, more pens overall, and more deer (Table 2) than breeding only operations. This was expected as the breeding and hunting operations supply their hunting operation from their breeding operation, and are not necessarily relying on sales or transfers to move deer off the operation.

The results indicate expenditures on lodges, fencing, and improvements were the top three in terms of the capital cost for both breeding and hunting and hunting only operations, while breeding operations spent the most on fencing, buildings, and improvements. The category of improvements includes expenditures on land clearing, roads, tanks/ponds, and forage development among others. Large equipment, ranch vehicles, and implements were reported as the highest equipment expenditures across all three types of operations. Of all the respondents, 49 percent reported hiring labor, while 43 percent reported outsourcing labor and/or consulting needs. Breeding and hunting operations reported using four times the amount of outsourced services than breeding only operations, or $16,456 versus $4,042. Examples of outsourced services include those of operational management and or nutritional consulting, bottle feeding services for newborns, annual herd maintenance/vaccination services, and accounting services.

Figure 3 provides a summary of expenditures for a typical breeding operation. Survey categories, such as those shown in Table 1, were combined into four primary expense categories: capital, operational, feed, and general. Figure 3 illustrates the annual expenses for breeding operations. Operational expenditures include items such as supplies, labor,

Figure 3: Annual Breeding Operation Expenditures.

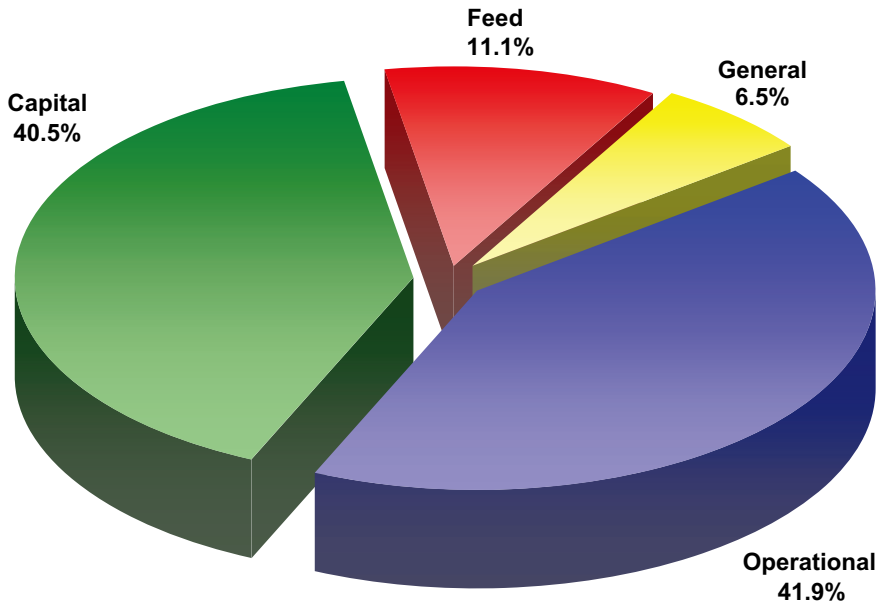


Table 1: Average Annual Operational Costs of Cervid Industry Survey Respondents.

(in dollars)	Breeding Only	Breeding & Hunting	Hunting Only
Operation			
Year started	1999	1998	1998
Area of breeding (acres)	22	80	NA
Area of hunting (acres)	NA	1,639	1,123
Land purchased (acres)	139	895	1,022
Purchase value ($/ac)	3,166	1,729	1,407
Facilities			
Capital cost of lodge(s)	NA	172,673	159,326
Number of pens	8	13	NA
Area of pens (acres)	20	25	NA
Fencing	27,201	144,039	94,592
Shelters	6,980	14,479	NA
Improvements	17,270	81,750	63,507
Buildings	19,693	80,262	55,961
Working pens	10,336	18,366	NA
Percent with Handling Facility	64%	54%	NA
Cost of Handling Facility	15,627	36,502	NA
Maintenance and Repair	2,907	18,731	12,143
Equipment			
Large equipment	33,009	93,268	61,665
ATV(s)	9,325	19,841	14,391
Ranch vehicles	29,422	55,470	37,208
Implements	9,578	26,510	20,038
Trailers/crates	6,300	14,421	9,228
Bulk feed bins	4,045	13,063	7,490
Feeding equpment	3,667	16,759	9,497
Watering equipment	2,398	9,413	9,046
Video equipment	1,916	3,473	2,003
Rental equipment	1,184	4,716	3,424
Sedation equipment	1,178	1,778	NA
Veterinary & Supplies			
Operating supplies	3,557	5,560	NA
Medical supplies	1,675	2,674	NA
Veterinary expense	2,257	4,121	NA
Lodge supplies	NA	5,237	5,183
Lodge food and beverages	NA	5,021	5,023
Labor			
Employees paid salary	2	2	2
Employees paid hourly	2	3	2
Total salary wages paid	35,613	65,801	39,608
Average annual salary wage expense	23,667	28,985	22,134
Total hourly wage paid	8,398	26,805	13,689
Average annual hourly wage expense	5,522	9,856	9,468
Outsourced services	4,042	16,456	12,097
Utilities			
Utilities	1,618	7,551	4,535
Fuel	2,103	10,070	5,104
Miscellaneous Expenses			
Insurance	1,915	5,916	3,663
Advertising/marketing	2,322	8,097	6,103
Travel	2,353	6,308	3,864
Property tax	2,473	6,564	4,068

utilities, insurance, advertising, and travel. Capital expenses refer to annualized capital costs for items such as land, improvements, fencing, buildings, breeding stock, feeding equipment, ATV's, and implements. Feed refers to the annual feed costs, including supplemental feed, hay, and bottle feeding supplies. Lastly, General costs cover the remainder of expenditures on items such as food plots, artificial insemination, veterinary, and disease monitoring.

Production

Table 2 contains a summary of production data across all respondents. Feed represents a little over 11 percent of total annual expenditures for breeding operations. From venison production to breeding stock operations, proper nutrition is essential to the physical health, development, and overall well being of all cervids. For breeding only operations with whitetails, 53 percent of respondents indicated bottle feeding their fawns, while only 29 percent of breeding and

Table 2: Average Production Data of Cervid Industry Survey Respondents.

	Breeding Only	Breeding & Hunting
Herd Inventory (Final 2005)		
Whitetail		
Males	21	49
Females	25	51
Fawns	23	48
Birth rate (2005)	1.3	1.2
Birth rate (2006)	1.4	1.3
Annual Mortality Rate	8%	7%
Elk		
Males	18	12
Females	24	9
Fawns	16	3
Fallow		
Males	43	3
Females	94	4
Fawns	50	*
Red Deer		
Males	46	47
Females	57	66
Fawns	35	27
Feeding		
Whitetail		
Fawns		
Percent bottle feeding	53%	29%
Percent of fawns bottle fed	53%	44%
Average bottle feeding days until weaning	98	91
After weaning		
Daily protein feed rate (lbs)	2	2
Daily hay feed rate (lbs)	1	1
Does		
Daily protein feed rate (lbs)	3	3
Daily hay feed rate (lbs)	2	1
Bucks		
Daily protein feed rate (lbs)	4	4
Daily hay feed rate (lbs)	2	2
Elk		
Males		
Daily protein feed rate (lbs)	6	6
Daily hay feed rate (lbs)	10	10
Females		
Daily protein feed rate (lbs)	4	7
Daily hay feed rate (lbs)	10	10
Fallow		
Males		
Daily protein feed rate (lbs)	0.4	2
Daily hay feed rate (lbs)	4	*
Females		
Daily protein feed rate (lbs)	0.3	2
Daily hay feed rate (lbs)	4	*
Red Deer		
Males		
Daily protein feed rate (lbs)	5	3
Daily hay feed rate (lbs)	7	3
Females		
Daily protein feed rate (lbs)	4	3
Daily hay feed rate (lbs)	6	3
Area of food plots (acres)	14	47
Seed	813	2,560
Fertilizer	1,011	2,777
Protien feed price (per ton)	318	305
Hay price (per ton)	193	268

* Insufficient results

hunting operations did. Of all species, bottle feeding is primarily practiced with whitetail fawns. Other species will not typically incur such management practices, where bottle feeding may only be utilized for orphaned or sick young.

On average, adult whitetail males were fed close to 4 pounds of supplemental feed per day, while elk consumed slightly over 6 pounds. All of the reported species were fed a protein concentrate and hay. Hay costs were extremely high during the study period due to severe drought conditions across most of the southern plains. In addition to purchased feed, 74 percent of all respondents reported planting food plots on their operations, ranging from half an acre to 500 acres.

When combining results, 70 percent of all breeding or breeding and hunting operation respondents indicated some type of breeding stock purchase. This would include purchases of breeder males, stocker males, bred females, open females, fawns, or semen straws. For whitetail, breeder bucks were the highest dollar expense, costing close to $21,000 each on average.

Hunting Operations

Operations with hunting reported other expenses in addition to those of breeding operations. Seventy-six percent of all respondents of operations that reported to be involved in hunting had a lodge on the premises for their clients. In addition to the roughly $170,000 cost of the lodge, these operations also accrued expenses to maintain and supply the lodge. Labor costs were reported to be higher than those of breeding operations due to an overall larger operation, as well as seasonal hunting guides. Food plots in the hunting areas tended to be larger, along with more feeders, waterers, and fencing, all contributing to the higher reported expenses. Although the majority of hunting operations accepted paying clients and corporate clients, 14 percent reported their hunting operation as personal use only. Of the whitetail hunting operations reporting, respondents estimated an average of 49 percent of the deer in their hunting areas are from breeding operations. Of all the respondents, 49 percent reported hiring labor, while 43 percent reported outsourcing labor and/or consulting needs. For breeding operations, those hiring salaried employees reported an annual expense in the mid $20,000 range. This expense increased to the mid $30,000 range for breeding and hunting operations. On the whole, labor hired on an hourly basis tended to be more prevalent than salaried labor.

Feed was the third largest expense category, representing a little over 11 percent of annual expenditures for breeding operations. Although it's not the largest expense category, feeding is considered to be one of the most important aspects of all operations. From venison production to breeding stock operations, proper nutrition is essential to the physical health, development, and overall well being of all cervid operations. For fawns, 45 percent of respondents indicated bottle feeding their young. Typical products used for bottle feeding ranged from goat's milk to different brands of milk replacer. On average, adult whitetail males were fed close to 4 pounds of supplemental feed per day, while elk consumed slightly over 6 pounds. Respondents indicated paying a little over $300 per ton for supplemental feed, while hay costs averaged around $240 per ton. In addition to purchased feed, 74 percent of all respondents reported planting food plots on their operations, ranging from half an acre to 500 acres.

Economic Impact

IMPLAN® (Impact Analysis for Planning), an input/output model, was used to estimate the economic impact of the cervid farming industry on the national economy. Originally developed by the USDA Forest Service, the IMPLAN model is now managed and maintained by the Minnesota IMPLAN Group (MIG). The model is, arguably, the most used and cited model for performing economic impact analyses in the United States.

The IMPLAN model is driven by purchases of final goods and services in a certain region, such as a state, a group of states, or the entire nation. These purchases represent the dollar value of the increase in finished goods and services demanded, and create an impact that ripples throughout the economy.

Industries produce goods and services for final use and purchase goods and services from other industries. These other producers and industries buy goods and services as well, which IMPLAN designates as indirect purchases. In addition, each step along the cycle pays wages and salaries to employees, who, in turn, make additional expenditures into the economy of the region.[2]

In determining the overall economic impact of an industry, the IMPLAN model uses a set of multipliers, separated by sector, to estimate the direct, indirect, and induced effects (induced being effects of household spending) of the economic cycle. Over 500 sector codes are included in the IMPLAN model, where each code represents a unique industrial sector that a specific product or category of products is represented by. The multipliers that are derived for each sector quantify the ripple effects of a dollar increase in final demand, thus resulting in an estimation of the economic impact.[3]

Cervid Industry

In determining the economic impact of the cervid farming industry, the categories of the survey were prepared for input into the IMPLAN model. This was accomplished by extrapolating the survey results against the inventory of operations to arrive at total industry expenditures for each category. These totals represent the value of final goods and services demanded by the industry, and were the baseline inputs for the IMPLAN model. Categories from the extrapolated survey results, such as supplemental feed or fencing, are then assigned a sector code according to the underlying industry the category relates to. Table 3 provides an example of category inputs and their multipliers from IMPLAN, with each category belonging to a different sector. Differences between the multipliers for each category demonstrate how dollars move throughout different industries. For instance, a $1 million change in final demand for supplemental feed will generate a total of $2.67 million in total industry output, $1.53 million in value added economic activity, and will support 24.34 jobs. In this example, total industry output would include the output generated by the supplemental feed industry and those industries that supply it. Value added from this industry includes employee compensation, proprietary income, other proprietor income, and indirect business taxes that are generated.[4] The employment multiplier represents the number of jobs that are supported per million dollar change in final demand.

[2] Lindall, Scott A. and Douglas C. Olson. "The IMPLAN Input-Output System." Minnesota IMPLAN Group. Available online, accessed February 5, 2007. http://www.implan.com/
[3] Ibid.
[4] Ibid.

Table 3: Cervid Industry Multipliers.

	Output	Value Added	Employment
Supplemental Feed	2.67	1.53	24.34
Food plots	3.18	1.72	46.12
Veterinar y	3.43	1.57	31.42
Utilities	2.04	1.23	8.48
Insurance	2.35	1.52	18.25
Maintenance and repair	3.01	1.57	24.68
Handling facility	2.93	1.61	25.61
Fencing	3.02	1.61	25.36
Large equipment	3.02	1.29	15.79
ATV's	2.73	1.59	22.96

Hunter Expenditures

An additional component in determining the economic impact of the industry is to evaluate and include the role of hunter expenditures in the consumption of industry products. Not all hunting is related to cervid farming, but some is, therefore it is important to include only that which is related to this industry. In other words, the hunting product of cervid farming is a small part of overall cervid hunting in the United States. Yet the hunting component or economic activity associated with deer farming is an important part of the economic activity generated by the cervid farming industry. While overall hunter numbers in the United States are down, the demand for trophy hunting appears to be increasing. Dollars spent on hunting, assorted gear, and travel continue to grow. Time is increasingly the limiting factor for many industry participants, as they have the money to participate, but not the time to invest in traditional hunting. The growth of this segment of the industry is expected to continue, therefore, it is important to include this aspect of the industry in this study.

In order to determine this impact, the number of hunters per operation was taken from the survey, extrapolated against all hunting operations, and combined with a report that outlines hunting expenditures on a per hunter basis. This report, entitled the "Economic Importance of Hunting in America",[5] was based on the 2001 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation survey conducted by the U.S. Fish and Wildlife Service and the U.S. Census Bureau. These retail expenditures were then combined with other hunt related expenditures, such as trophy and processing fees, and assigned sector codes for the IMPLAN model. When totaled, less than 1 percent of the report's estimated 11 million deer hunters are related to the cervid farming industry. However, this small percentage of hunters account for over 2 percent of the report's estimated $10 billion in retail, travel, and hunt related expenditures.

Results

Table 4 below provides a summary of the economic impact of the industry. Cervid operations generate an estimated $893.5 million in direct expenditures into the U.S. economy. This value represents the estimated increase in final demand of all goods and services consumed by the industry. As these direct expenditures ripple throughout the economy, the cervid farming industry generates an estimated $2.3 billion of total industry output for all industries that supply the cervid farming industry. These industries include feed suppliers, farm and ranch supply stores, veterinary services, medical and sedation product suppliers, construction, utilities, advertising, insurance, and numerous others. Hunters contribute an additional $241 million in direct economic impacts through retail and hunt related expenditures, which generates a total of $756.9 million of total industry output.

When combined, the cervid farming industry generates $3 billion of economic activity and output in the U.S. economy. The industry provides the economic activity that supports 29,199 jobs in the economy, most of which are located in rural areas of the nation. If this industry were to disappear, these jobs would have to find support from some other sector of the economy. Unfortunately, not every segment of the industry could be analyzed. Insufficient industry and survey data limited analysis to only the operational aspects of both the venison and scent collection industries, as production and retail revenues were excluded from the analysis.

[5] "Economic Importance of Hunting in America." Produced by Southwick Associates, Inc. for the International Association of Fish and Wildlife Agencies, 2002. Available online, accessed August 10, 2006. http://www.southwickassociates.com/freereports/default.aspx

Table 4: Economic Impact of the Cervid Farming Industry.

	Direct	Output	Value Added	Employment
All Operations	893,501,559	2,333,462,511	1,276,311,405	21,070
Hunters	241,042,970	756,897,725	358,602,855	8,129
Total	1,134,544,528	3,090,360,236	1,634,914,260	29,199

Conclusion

With over 7,000 operations and 2,000 hunting preserves, the cervid farming industry has an established presence across the nation. The majority of these operations are located in rural areas of the nation. In addition, while traditional forms overwhelmingly dominate the hunting industry, the small niche of hunters this market serves continues to increase. This increase in demand is fueling the growth in the breeding industry. Over $1.1 billion in direct expenditures are poured into the U.S. economy each year by commercial farming operations and sportsmen related to this industry. In turn, this generates $3 billion of economic activity while supporting 29,199 jobs. All told, these results highlight the fact that the cervid farming industry continues to be a vital contributor to the rural economies of the United States.

Appendix A: National Cervid Industry Survey

National Cervid Industry - Economic Impact Survey

Instructions are provided at the end of this survey. Include annualized 2005 figures where appropriate.

Please indicate type of operation (check all that apply)
Cervid Breeding (includes venison and urine collection) ☐ **Cervid Hunting** ☐ **Cervid Breeding and Hunting** ☐

Cervid Breeding

***Please select type of cervid breeding operation*:** **Breeding only** ☐ **Commercial Venison** ☐ **Commercial Urine Collection** ☐

I. Operation

1. Year started: _____ 2. State: _____
3. Total acreage: _____ acres 4. Area under high fence: _____ acres
5. Area of land purchased: _____ acres 5a. Purchase value: $_____ (per acre)
6. Area of land inherited: _____ acres

II. Herd Inventory

1. Inventory (Final 2005 figures)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Males:										
Females:										
Fawns/calves:										
Birth rate (2005):										
Birth rate (2006):										
Annual mortality rate (%):										

2. Annual Purchases (Final 2005 figures)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Males (#):										
Total Cost:										
Females (#):										
Total Cost:										
Fawns/calves (#):										
Total Cost:										
Semen straws (#):										
Total Cost:										

III. Facilities

1. Area of breeding operation: _____ acres 1a. Number of pens: _____
2. Area of venison operation: _____ acres 2a. Number of pens: _____
3. Area of urine collection operation: _____ acres 3a. Number of pens: _____
4. Capital cost of fencing: $_____ 5. Capital cost of shelters: $_____
6. Capital cost of improvements: $_____ 7. Capital cost of additional buildings: $_____
8. Capital cost of working pens: $_____
9. Do you have a handling facility? ☐ Yes ☐ No 9a. If yes, capital cost of this facility: $_____
10. Do you have a venison processing facility? ☐ Yes ☐ No 10a. If yes, capital cost of this facility: $_____
11. Do you have a cooler/freezer for venison? ☐ Yes ☐ No 11a. If yes, capital cost of this equipment: $_____
12. Do you have a urine collection facility? ☐ Yes ☐ No 12a. If yes, capital cost of this facility: $_____
13. Do you have a cooler/freezer for urine? ☐ Yes ☐ No 13a. If yes, capital cost of this equipment: $_____

Cervid Breeding, continued

IV. Equipment

1. Purchase price of all large equipment, combined (i.e. tractor + bobcat): $_____
2. Purchase price of all ATVs, combined: $_____
3. Purchase price of all ranch vehicles, combined: $_____
4. Purchase price of all implements, combined: $_____
5. Purchase price of all trailers/transport crates, combined: $_____
6. Purchase price of all bulk feed bins, combined: $_____
7. Purchase price of all feeding equipment, combined: $_____
8. Purchase price of all watering equipment, combined: $_____
9. Purchase price of all video equipment, combined: $_____
10. Annual cost of rental equipment: $_____
11. Purchase price of semen storage tank(s): $_____
12. Purchase price of dart gun/sedation equipment: $_____
13. Purchase price of packaging equipment (venison and urine products): $_____

V. Veterinary & Supplies

1. Annual cost of operating supplies: $_____ 2. Annual cost of medical supplies: $_____
3. Annual veterinary expense: $_____ 4. Average cost per sedation: $_____
5. Number of necropsies performed: _____ 5a. Average cost per necropsy: $_____
6. Number of CWD tests performed: _____ 6a. Average cost per CWD test: $_____
7. Number of deer DNA certified: _____ 7a. Annual cost for DNA certification: $_____
8. Average annual number of sedations (per animal, per species):

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Males:										
Females:										

9. Annual number of females AI'd (per species):

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Females AI'd:										

VI. Labor

1. Number of employees: 1a. Paid salary: _____ 1b. Paid hourly: _____
2. Total annual wages paid: 2a. Salaries: $_____ 2b. Hourly: $_____
3. Annual expense from outsourced services: $_____

VII. Utilities

1. Annual cost of utilities: $_____
2. Annual cost of fuel: $_____

VIII. Miscellaneous Expenses

1. Annual advertising/marketing expense (includes taxidermy services): $_____
2. Annual regulatory expense (permits): $_____
3. Annual meat inspection/nutrition labeling expense: $_____
4. Annual insurance expense: $_____
5. Annual travel expense: $_____
6. Annual property tax: $_____
7. Annual cost of maintenance and repair: $_____

Cervid Breeding, continued

IX. Feeding

Fawns/Calves

1. Do you bottle feed? ☐ Yes (continue below) ☐ No (skip to 2)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Percent of all fawns/calves:										
Days fed until weaning:										
Product used:										
Product price per gal/bag/lb:										
Units fed until weaning:										

2. After weaning: (units are pounds per animal)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Daily protein feed rate:										
Daily hay feed rate:										

Adults

1. Feeding rates: (units are pounds per animal)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Males:										
Daily protein feed rate:										
Daily hay feed rate:										
Females:										
Daily feed rate:										
Daily hay feed rate:										

2. Protein feed price: $_____ (per bag/ton)
3. Hay price: $_____ (per bale) 3a. Average bale weight: _____ lbs
4. Annual protein feed purchase: _____ tons
5. Annual hay purchase: _____ bales
6. Approximate area of food plots: _____ acres
   6a. Annual cost of seed: $_____
   6b. Annual cost of fertilizer: $_____

X. Annual Sales

Annual receipts from breeding operation

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
1. Males sold:										
1a. Total Receipts:										
2. Females sold:										
2a. Total Receipts:										
3. Fawns/calves sold:										
3a. Total Receipts:										
4. Semen straws sold:										
4a. Total Receipts:										

Cervid Breeding, continued

Annual receipts from commercial venison production

	Elk	Fallow	Red Deer	Reindeer	Other:
1. Annual number processed:					
2. Average processing yield per animal (lbs):					
3. General processing cost per animal:					
4. Specialty processing cost – summer sausage, jerky, etc. (per pound):					
5. Amount of specialty processing per animal (lbs):					
6. Total receipts from all venison sales:					

7. Annual packaging, shipping, and labeling expense for venison: $_____
8. Annual number of animals used to collect velvet: _____
9. Annual amount of velvet processed: _____ lbs
10. Processing cost of velvet: $_____ (per pound)
11. Total receipts from velvet products: $_____
12. Annual packaging, shipping, and labeling expense for velvet products: $_____
13. Annual amount of shed/cut antlers sold: _____ lbs
    13a. Total receipts from antler sales: $_____
14. Total receipts from other by-products (hides, pizzles, etc.): $_____
15. Annual number of males sold as breeding stock: _____ 15a. Total receipts: $_____
16. Annual number of females sold as breeding stock: _____ 16a. Total receipts: $_____
17. Annual number of males sold to hunting preserves: _____ 17a. Total receipts: $_____
18. Annual number of females sold to hunting preserves: _____ 18a. Total receipts: $_____

Annual receipts from urine collection

1. Total number of males used for collection: _____
2. Annual amount of urine collected from males: _____ gal
   2a. Total receipts from male urine sales: $_____
3. Total number of females used for collection: _____
4. Annual amount of non-estrous urine collected from females: _____ gal
   4a. Total receipts from non-estrous urine sales: $_____
5. Annual amount of estrous urine collected from females: _____ gal
   5a. Total receipts from estrous urine sales: $_____
6. Annual packaging, shipping, and labeling expense for urine sales: $_____
7. Total receipts from other scent sales: $_____
8. Annual number of males sold as breeding stock: _____ 8a. Total receipts: $_____
9. Annual number of females sold as breeding stock: _____ 9a. Total receipts: $_____
10. Annual number of males sold to hunting preserves: _____ 10a. Total receipts: $_____
11. Annual number of females sold to hunting preserves: _____ 11a. Total receipts: $_____

Hunting

For combination hunting and breeding operations, please separate hunting operation expenses from breeding operation expenses. Include annualized 2005 figures where appropriate.

What is the purpose of your hunting operation? ☐ Personal use only ☐ Corporate clients, no fee ☐ Paying clients

I. Operation

1. Year started: _____ 2. State: _____
3. Total acreage: _____ acres 4. Land inherited: _____ acres
5. Land purchased: _____ acres 5a. Purchase value: $_____ (per acre)
6. Area of hunting operation: _____ acres

II. Facilities

1. Capital cost of lodge(s): $_____
2. Capital cost of fencing: $_____
3. Capital cost of improvements: $_____
4. Capital cost of buildings: $_____
5. Approximate area of food plots: _____ acres
   - 5a. Annual cost of seed: $_____
   - 5b. Annual cost of fertilizer: $_____

III. Equipment

1. Purchase price of all large equipment combined (i.e. tractor + bobcat): $_____
2. Purchase price of all ATVs, combined: $_____
3. Purchase price of all ranch vehicles, combined: $_____
4. Purchase price of all implements, combined: $_____
5. Purchase price of all trailers/transport crates, combined: $_____
6. Purchase price of all bulk feed bins, combined: $_____
7. Purchase price of all feeding equipment, combined: $_____
8. Purchase price of all watering equipment, combined: $_____
9. Purchase price of all video equipment, combined: $_____
10. Annual cost of rental equipment: $_____
11. Purchase price of cooler/freezer equipment: $_____
12. Purchase price of other equipment: $_____

IV. Supplies

1. Annual amount of protein feed purchased: _____ tons 1a. Protein feed unit price: $_____ (per bag/ton)
2. Annual amount of corn purchased: _____ tons 2a. Corn unit price: $_____ (per bag/ton)
3. Annual cost of operating supplies for lodge: $_____
4. Annual cost of food and beverages for lodge: $_____

V. Labor

1. Number of employees: 1a. Salary: _____ 1b. Hourly: _____
2. Total annual wages paid: 2a. Salaries: $_____ 2b. Hourly: $_____
3. Annual expense from outsourced services: $_____

Hunting, continued

VI. Utilities

1. Annual cost of utilities: $_____
2. Annual cost of fuel: $_____

VII. Miscellaneous Expenses

1. Annual insurance expense: $_____
2. Annual advertising/marketing expense (includes taxidermy services): $_____
3. Annual travel expenses: $_____
4. Annual property tax: $_____
5. Annual cost of maintenance and repair: $_____
6. Other annual miscellaneous expenses: $_____

VIII. Hunters

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Annual number of hunters, per cervid:										
Total cervids in hunting area :										
Percentage of total cervids that are from breeding:										
Number of males released from breeding area into hunting area:										
Number of females released from breeding area into hunting area:										
Number of males purchased for release into hunting area:										
Total expense:										
Number of females purchased for release into hunting area:										
Total expense:										
Annual trophy male harvest:										
Total receipts:										
Annual management male harvest:										
Total receipts:										
Annual female harvest:										
Total receipts:										
Average processing cost, per cervid:										
Percent of all harvested males seeking taxidermy services:										
Average taxidermy cost:										

National Cervid Industry - Economic Impact Survey
North American Deer Farmers Association Members

****All information collected in this survey will remain <u>confidential</u>****

Survey Instructions

1. This survey is to be completed by cervid breeding operations (including venison production and urine collection operations), combination cervid breeding and hunting operations, and hunting operations that utilize outside cervid breeding operations as a genetic supplement for their cervid herd. All other industry participants may disregard this survey.
2. For the sections and categories below, please provide annualized 2005 records of actual or accurate estimates of expenditures rather than a range estimate of expenditures.
3. **For combination breeding and hunting operations, please separate breeding operation records from hunting operation records. Contact us for additional surveys if you have multiple permitted breeding and/or hunting operations.**
4. **It is important to use the provided categories for records for each section, rather than combining records from breeding and hunting operations and submitting that in a breeding or hunting category. Please provide an accurate estimate when your records do not match these categories.**
5. If a question does not apply to your operation, please indicate this with an "N/A" response.
6. Please indicate units (lbs, tons, gals, etc.) where applicable.
7. For further explanation of general and selected lines of the survey, please refer to the information below.

Cervid Breeding (Breeding only, Venison production, Urine Collection)

Please indicate the purpose of your breeding operation by checking all boxes that apply.

<u>I. Operation</u>: This category provides for a general overview of your operation. *Purchase value* refers to the cost per acre for the initial purchase of the land.

<u>II. Herd Inventory</u>: This category refers to your final 2005 cervid inventory and final 2005 purchases (please include number purchased with total cost) towards this inventory. *Annual mortality rate* refers to the annual mortality loss on entire herd, including the loss of fawns/calves after weaning. *Birth rate* refers to the number of surviving fawns/calves born per bred female, specifically, the total number of live fawns/calves at weaning divided by the total number of bred females (i.e. 1.5, 2.3, etc.).

<u>III. Facilities</u>: This category refers to your operational specific facilities. *Capital cost* refers to the overall cost of construction for each of the items listed, including clearing, foundation, electrical, plumbing, etc. *Capital cost of improvements* refers to land clearing, roads, forage, water (well drilling, ponds), etc.

<u>IV. Equipment</u>: *Purchase price* refers to the original cost of the equipment at purchase, not an annualized loan payment. *Large equipment* refers to tractors, bobcats, dozers, etc., used in your operation. Please combine all applicable equipment into one figure for lines 1-9.

<u>V. Veterinary & Supplies</u>: *Annual cost of operating supplies* refers to the yearly expense for all operating supplies, such as office supplies, sedation supplies, AI supplies, etc. *Annual cost of medical supplies* refers to the yearly expense for medicine, syringes, etc. *Average cost per sedation* refers to the average expense of supplies and labor to sedate or dart an animal. *Number of necropsies performed* refers to the number of post mortality veterinary examinations performed to determine the cause of death. *Average cost per necropsy* refers to the average labor and labwork expense of performing a necropsy on a single animal. *Average cost per CWD test* refers to the average labor and labwork expense of performing a CWD test.

<u>VI. Labor</u>: This category refers to the labor expense for your breeding operation. Owners, spouses, and children must be accounted for in this category as an employee(s) and in total wages, if paid labor is performed by these individuals. *Total wages paid* refers to annual wages for all employees. Owner/operators must include amount allotted or withdrawn for family living for line 2a. *Annual expense from outsourced services* refers to all additional contracted labor from those not on the payroll, including consulting services, accounting services, legal services, herd survey services, etc.

<u>VII. Utilities</u>: This category refers to the annual utilities expense for electric, phone, water, sewage, refuse disposal, etc., and the annual fuel expense for your breeding operation.

<u>VIII. Miscellaneous Expenses</u>: *Annual advertising/marketing expense* refers to the annual cost of advertising and marketing materials, which includes taxidermy services for genetic display (horn molds, shed mounts, deceased buck mounts, etc.). *Annual regulatory expense* refers to the annual cost of regulatory operating permits, if applicable to your state. *Annual meat inspection expense* refers to the annual cost to venison production operations for state or federal meat inspection. *Annual insurance expense* refers to the yearly cost of auto, property, liability, health, etc. insurance. *Annual travel expense* refers to the annual cost of travel, such as fuel, food, lodging, airfare, etc. *Annual cost of maintenance and repair* refers to all maintenance and repair for facilities, equipment, fencing, roads, etc.

<u>IX. Feeding</u>: This category relates to feeding rates of fawns/calves and adults in your operation. For those who bottle feed fawns/calves, please indicate the percent of all fawns/calves that are bottle fed for, the number of days of bottle feeding until weaned, the product used (i.e. goat milk, milk replacer, etc.), the per unit product price (please indicate units-gal, bags, lbs), and the number of units of this product used per fawn until weaning for each cervid species in your operation.

<u>X. Annual Sales</u>: This category relates to the final 2005 revenue inflows of your operation. Receipts are categorized for breeding operations, commercial venison operations, and commercial urine operations. Please separate records for each these categories that apply to your operation.

Cervid Hunting

Please indicate the purpose of your hunting operation by checking all boxes that apply

<u>I. Operation</u>: *Area of hunting operation* refers to the total acreage dedicated to your hunting operation. *Purchase value* refers to the cost per acre for the initial purchase of the land.

<u>II. Facilities</u>: *Capital cost* refers to the overall cost of construction for each of the items listed, including clearing, foundation, electrical, plumbing, etc. *Capital cost of improvements* refers to land clearing, roads, forage, water (well drilling, ponds), etc.

<u>III. Equipment</u>: *Purchase price* refers to the original cost of the equipment at purchase, not an annualized loan payment. *Large equipment* refers to tractors, bobcats, dozers, etc., used in your breeding operation. Please combine all applicable equipment into one figure for lines 1-9.

<u>IV. Supplies</u>: This category relates to final 2005 expenses for supplemental feed, corn, operating, and food and beverage supplies.

<u>V. Labor</u>: This category refers to the labor expense for your hunting operation. Owners, spouses, and children must be accounted for in this category as an employee(s) and in total wages, if paid labor is performed by these individuals. *Total wages paid* refers to annual wages for all employees. Owner/operators must include amount allotted or withdrawn for family living for line 2a. *Annual expense for outsourced services* refers to all additional contracted labor from those not on the payroll, including consulting services, accounting services, legal services, herd survey services, etc.

<u>VI. Utilities</u>: This category refers to the annual utilities expense for electric, phone, water, sewage, refuse disposal, etc., and the annual fuel expense for your hunting operation.

<u>VII. Miscellaneous Expenses</u>: *Annual insurance expense* refers to the yearly cost of auto, property, liability, health, etc. insurance. *Annual advertising/marketing expense* refers to the annual cost of advertising and marketing materials, which includes taxidermy services for display. *Annual travel expense* refers to the annual cost of travel, such as fuel, food, lodging, airfare, etc. *Annual cost of maintenance and repair* refers to all maintenance and repair for facilities, equipment, fencing, roads, etc.

<u>VIII. Hunters</u>: *Total expense* refers to the cost of purchasing, sedating, and transporting cervids for release into hunting operation. *Average processing cost* refers to the cost of processing each harvested cervid. If in-house processing occurs, please provide an accurate estimate of this cost based on local processor costs. *Percent of all harvested seeking taxidermy services* relates to the percentage of all harvested cervids that will have some type of taxidermy service performed, such as a shoulder or full body mount. *Average taxidermy cost, per cervid* allows for the average per cervid expense of this service for the hunter from your local taxidermist.

We thank you in advance for taking the time to complete this survey. Upon completion, please return the survey with the enclosed envelope. Questions or requests for additional surveys may be directed to Brian Frosch at 888-890-5663.

Appendix B: Economic Impact Survey

Economic Impact Survey

Please indicate type of operation

Scientific Breeding Only ☐ **Scientific Breeding and Hunting** ☐ **Hunting only** ☐

Scientific Breeding

Instructions and clarification are provided at the end of this survey. For Hunting only operations, please skip to the hunting section. Include annualized 2005 figures where appropriate.

I. Operation

1. Year started: _____ 2. Area of breeding operation: _____ (acres)
3. Land purchased: _____ (acres) 3a. Purchase value: $_____ (per acre)
4. Land inherited: _____ (acres)

II. Herd Inventory (Final 2005 Inventory)

1. Total number of deer: _____
2. Number of breeder bucks: _____ 3. Number of stocker bucks: _____ 4. Does: _____
5. Fawns, 2005: _____ 5a. Fawning rate (surviving at weaning): _____ (fawns per doe)
6. Fawns, 2006: _____ 6a. Fawning rate (surviving at weaning): _____ (fawns per doe)
7. Annual herd mortality rate (including fawns after weaning): _____ %
8. Annual sales (Final 2005 figures) 9. Annual purchases (Final 2005 figures)

Breeder bucks (#):	Total receipts: $	Breeder bucks (#):	Total cost: $
Stocker bucks (#):	Total receipts: $	Open does (#):	Total cost: $
Open does (#):	Total receipts: $	Bred does (#):	Total cost: $
Bred does (#):	Total receipts: $	Buck fawns (#):	Total cost: $
Buck fawns (#):	Total receipts: $	Doe fawns (#):	Total cost: $
Doe fawns (#):	Total receipts: $	Semen Straws (#):	Total cost: $
Semen Straws (#):	Total receipts: $		

III. Facilities

1. Number of pens: _____ 2. Area of pens: _____ (acres)
3. Capital cost of fencing: $_____ 4. Capital cost of shelters: $_____
5. Capital cost of improvements: $_____
6. Capital cost of buildings: $_____ 7. Capital cost of working pens: $_____
8. Do you have a handling facility? ☐ Yes ☐ No 8a. If yes, capital cost of handling facility: $_____
9. Approximate area of food plots: _____ (acres)
   9a. Annual cost of seed: $_____
   9b. Annual cost of fertilizer: $_____
10. Annual cost of maintenance and repair: $_____

IV. Equipment

1. Purchase price of all large equipment, combined (i.e. tractor + bobcat): $_____
2. Purchase price of all ATV(s), combined: $_____
3. Purchase price of all ranch vehicle(s), combined: $_____
4. Purchase price of all implements, combined: $_____
5. Purchase price of all trailer(s)/transport crate(s), combined: $_____
6. Purchase price of all bulk feed bin(s), combined: $_____
7. Purchase price of all feeding equipment, combined: $_____

Scientific Breeding, continued

8. Purchase price of all watering equipment, combined: $_____
9. Purchase price of all video equipment, combined: $_____
10. Annual cost of rental equipment: $_____
11. Purchase price of semen storage tank(s): $_____
12. Purchase price of dart gun/sedation equipment: $_____

V. Veterinary & Supplies

1. Annual cost of operating supplies: $_____ 2. Annual cost of feed and hay: $_____
3. Annual cost of medical supplies: $_____ 4. Annual veterinary expense: $_____
5. Annual number of sedations: _____ (per doe) 6. Annual number of sedations: _____ (per buck)
7. Average cost per sedation: $_____ 8. Number of does AI'd: _____
9. Number of necropsies performed: _____ 9a. Average cost per necropsy: $_____
10. Number of CWD tests performed: _____ 10a. Average cost per CWD test: $_____
11. Number of deer DNA certified: _____ 11a. Annual cost for DNA certification: $_____

VI. Labor

1. Number of employees: 1a. Paid salary: _____ 1b. Paid hourly: _____
2. Total wages paid: 2a. Salaries: $_____ 2b. Hourly: $_____
3. Annual expense from outsourced services: $_____

VII. Utilities

1. Annual cost of utilities: $_____
2. Annual cost of fuel: $_____

VIII. Miscellaneous Expenses

1. Annual insurance expense: $_____
2. Annual advertising/marketing expense (includes taxidermy services): $_____
3. Annual travel expense: $_____
4. Annual property tax: $_____

IX. Feeding

Fawns

1. Do you bottle feed your fawns? ☐ Yes (continue with 1a-1e) ☐ No (skip to 2)
   1a. If yes, what percent of all fawns? _____% 1b. Average bottle feeding days until weaning: _____
   1c. What product do you use? _____
   1d. Units fed per fawn until weaning: _____ (gal/bags/lbs) 1e. Product price: $_____ (per gal/bag/lb)
2. After weaning: 2a. Approximate daily feed rate: _____ (lbs per fawn) 2b. Feed price: $_____ (per bag/ton)
   2c. Approximate alfalfa/hay daily feed rate: _____ (lbs per fawn) 2d. Alfalfa/hay price: $_____ (per bale)
   2e. Average bale weight: _____lbs

Does

1. Approximate daily feed rate: _____ (lbs per doe) 2. Feed price: $_____ (per bag/ton)
3. Approximate alfalfa/hay daily feed rate: _____ (lbs per doe)

Bucks

1. Approximate daily feed rate: _____ (lbs per buck) 2. Feed price: $_____ (per bag/ton)
3. Approximate alfalfa/hay daily feed rate: _____ (lbs per buck)

Hunting

Instructions and clarification are provided at the end of this survey. For combination Scientific Breeding & Hunting operations, please separate hunting expenses from breeding expenses. Include annualized 2005 figures where appropriate.

What is the purpose of your hunting operation? ☐ Personal use only ☐ Corporate clients, no fee ☐ Paying clients

I. Operation

1. Year started: _____ 2. Area of hunting operation: _____ (acres)
3. Land purchased: _____ (acres) 3a. Purchase value: $_____ (per acre)
4. Land inherited: _____ (acres)

II. Facilities

1. Capital cost of lodge(s): $_____
2. Capital cost of fencing: $_____
3. Capital cost of improvements: $_____
4. Capital cost of buildings: $_____
5. Annual cost of maintenance and repair: $_____
6. Approximate area of food plots: _____ (acres)
   6a. Annual cost of seed: $_____
   6b. Annual cost of fertilizer: $_____

III. Equipment

1. Purchase price of all large equipment combined (i.e. tractor + bobcat): $_____
2. Purchase price of all ATV(s), combined: $_____
3. Purchase price of all ranch vehicle(s), combined: $_____
4. Purchase price of all implements, combined: $_____
5. Purchase price of all trailer(s)/transport crate(s), combined: $_____
6. Purchase price of all bulk feed bin(s), combined: $_____
7. Purchase price of all feeding equipment, combined: $_____
8. Purchase price of all watering equipment, combined: $_____
9. Purchase price of all video equipment, combined: $_____
10. Annual cost of rental equipment: $_____
11. Purchase price of dart gun/sedation equipment: $_____
12. Purchase price of cooler/freezer equipment: $_____
13. Purchase price of other equipment: $_____

IV. Supplies

1. Annual amount of protein feed purchased: _____ (tons) 1a. Protein feed unit price: $_____ (per bag/ton)
2. Annual amount of corn purchased: _____ (tons) 2a. Corn unit price: $_____ (per bag/ton)
3. Annual cost of operating supplies for lodge: $_____
4. Annual cost of food and beverages for lodge: $_____

V. Labor

1. Number of employees: 1a. Salary: _____ 1b. Hourly: _____
2. Total wages paid: 2a. Salaries: $_____ 2b. Hourly: $_____
3. Annual expense from outsourced services: $_____

Hunting, continued

VI. Utilities

1. Annual cost of utilities: $_____
2. Annual cost of fuel: $_____

VII. Miscellaneous Expenses

1. Annual insurance expense: $_____
2. Annual advertising/marketing expense (includes taxidermy services): $_____
3. Annual travel expenses: $_____
4. Annual property tax: $_____
5. Other annual miscellaneous expenses: $_____

VIII. Hunters

1. Annual number of hunters: _____
2. Total annual deer harvest: _____
3. Approximate total number of deer in hunting area: _____
   3a. Approximate percentage of total deer in the hunting area that are from breeding: _____
4. Annual number of stocker bucks released from breeding operation into hunting operation: _____
5. Annual number of does released from breeding operation into hunting operation: _____
6. Annual number of stocker bucks purchased for release into hunting operation: _____
   6a. Total expense: $_____
7. Annual number of does purchased for release: _____
   7a. Total expense: $_____
8. Annual number of does harvested: _____
   8a. Total receipts from doe hunts: $_____
9. Annual number of management bucks harvested: _____
   9a. Total receipts from management buck hunts: $_____
10. Annual number of trophy bucks harvested: _____
    10a. Total receipts from trophy buck hunts: $_____
11. Average processing cost: $_____ (per deer)
12. Approximate percentage of harvested bucks seeking taxidermy services: _____%
13. Average taxidermy cost: $_____ (per deer)

APPENDIX

Economic Impact Survey
Texas Deer Association Members

****All information collected in this survey will remain <u>confidential</u>****

Survey Instructions

1. This survey is to be completed by scientific breeding operations, combination scientific breeding and hunting operations, and hunting operations that utilize outside scientific breeding operations as a genetic supplement for their deer herd. All other industry participants may disregard this survey.
2. For the sections and categories below, please provide annualized 2005 records of actual or accurate estimates of expenditures rather than a range estimate of expenditures.
3. For those who have multiple facilities under separate permits (uniquely identified), please contact us for additional surveys for each operation.
4. **It is important to separate records for each facility, and between hunting and breeding operations. Contact us for additional surveys if you have multiple permitted breeding and/or hunting operations.**
5. **It is also important to use the provided categories for records for each section, rather than combining records from breeding and hunting operations and submitting that in a breeding or hunting category. Please provide an accurate estimate when your records do not match these categories.**
6. If a question does not apply to your operation, please indicate this with an "N/A" response.
7. Please indicate units (lbs, tons, gals, etc.) where applicable.
8. For further explanation of general and selected lines of the survey, please refer to the information below.

Scientific Breeding

<u>I. Operation</u>: *Area of breeding operation* refers to the total acreage dedicated to your breeding operation. *Purchase value* refers to the cost per acre for the initial purchase of the land.

<u>II. Herd Inventory</u>: This category refers to your herd inventory, fawning rate, purchases and sales towards your inventory for 2005, and number the of fawns born and fawning rate for 2006. *Annual herd mortality rate* refers to the annual mortality loss on the total breeding herd, including loss of fawns after weaning. *Fawning rate* refers to the number of surviving fawns born per doe, specifically, the total number of live fawns at weaning divided by the total number of bred does (i.e. 0.7, 1.5, 2.3, etc.).

<u>III. Facilities</u>: *Area of pens* refers to the total acreage enclosed by all pens combined. *Capital cost* refers to the overall cost of construction for each of the items listed, including clearing, foundation, electrical, plumbing, etc. *Capital cost of improvements* refers to land clearing, roads, forage, water (well drilling, ponds), etc. *Annual cost of maintenance and repair* refers to all maintenance and repair for facilities, equipment, fencing, roads, etc.

<u>IV. Equipment</u>: *Purchase price* refers to the original cost of the equipment at purchase, not an annualized loan payment. *Large equipment* refers to tractors, bobcats, dozers, etc., used in your breeding operation. Please combine all applicable equipment into one figure for lines 1-9.

<u>V. Veterinary & Supplies</u>: *Annual cost of operating supplies* refers to the yearly expense for all operating supplies, such as office supplies, sedation supplies, AI supplies, etc. *Annual cost of medical supplies* refers to the yearly expense for medicine, syringes, etc. *Annual number of sedations* refers to the average annual number of sedations on a per doe/buck basis. *Average cost per sedation* refers to the average expense of supplies and labor to sedate or dart a deer. *Number of necropsies performed* refers to the number of post mortality veterinary examinations performed to determine the cause of death. *Average cost per necropsy* refers to the average labor and labwork expense of performing a necropsy on a single deer. *Average cost per CWD test* refers to the average labor and labwork expense of performing a CWD test.

<u>VI. Labor</u>: This category refers to the labor expense for your breeding operation. Owners, spouses, and children must be accounted for in this category as an employee(s) and in total wages, if labor is performed by these individuals. *Total wages paid* refers to annual wages for all employees. Owner/operators must include amount allotted or withdrawn for family living for line 2a. *Annual expense from outsourced services* refers to all additional contracted labor from those not on the payroll, including consulting services, accounting services, legal services, herd survey services, etc.

<u>VII. Utilities</u>: This category refers to the annual utilities expense for the annual electric, phone, water, sewage, refuse disposal, etc., and the annual fuel expense for breeding operations.

<u>VIII. Miscellaneous Expenses</u>: *Annual insurance expense* refers to the yearly cost of auto, property, liability, health, etc. insurance. *Annual advertising/marketing expense* refers to the annual cost of advertising and marketing materials, which includes taxidermy services for genetic display (horn molds or shed mounts, or deceased buck mounts). *Annual travel expense* refers to the annual cost of travel, such as fuel, food, lodging, airfare, etc.

<u>IX. Feeding</u>: This category relates to feeding rates for fawns, bucks, and does. For those who bottle feed fawns, please indicate the percent of all fawns that are bottle fed, number of days of bottle feeding until weaning, the product used (i.e. goat milk, milk replacer, etc.), units of this product used per fawn until weaning, the per unit product price (please indicate units-gal, bags, lbs).

Hunting

<u>I. Operation</u>: *Area of hunting operation* refers to the total acreage dedicated to your hunting operation. *Purchase value* refers to the cost per acre for the initial purchase of the land.

<u>II. Facilities</u>: *Capital cost* refers to the overall cost of construction for each of the items listed, including clearing, foundation, electrical, plumbing, etc. *Capital cost of improvements* refers to land clearing, roads, forage, water (well drilling, ponds), etc. *Annual cost of maintenance and repair* refers to all maintenance and repair for facilities, equipment, fencing, roads, etc.

<u>III. Equipment</u>: *Purchase price* refers to the original cost of the equipment at purchase, not an annualized loan payment. *Large equipment* refers to tractors, bobcats, dozers, etc., used in your breeding operation. Please combine all applicable equipment into one figure for lines 1-9.

<u>IV. Supplies</u>: This category relates to supplemental feed, corn, operating, food, and beverage supplies for hunting operations on an annualized basis.

<u>V. Labor</u>: This category refers to the labor expense for your breeding operation. Owners, spouses, and children must be accounted for in this category as an employee(s) and in total wages, if labor is performed by these individuals. *Total wages paid* refers to annual wages for all employees. Owner/operators must include amount allotted or withdrawn for family living for line 2a. *Annual expense for outsourced services* refers to all additional contracted labor from those not on the payroll, including consulting services, accounting services, legal services, herd survey services, etc.

<u>VI. Utilities</u>: This category refers to the annual utilities expense for the annual electric, phone, water, sewage, refuse disposal, etc., and the annual fuel expense for hunting operations.

<u>VII. Miscellaneous Expenses</u>: *Annual insurance expense* refers to the yearly cost of auto, property, liability, health, etc. insurance. *Annual advertising/marketing expense* refers to the annual cost of advertising and marketing materials, which includes taxidermy services for display. *Annual travel expense* refers to the annual cost of travel, such as fuel, food, lodging, airfare, etc.

<u>VIII. Hunters</u>: This category relates to the annual number of hunters, number of deer harvested, number of deer purchased and/or released into hunting operation, and the expenses and receipts from hunting. *Total expense* in lines 6a & 7a refer to the cost of purchasing, sedating, and transporting deer for release into hunting operation. *Average processing cost* refers to the cost of processing each harvested deer. If it is processed in-house, please provide an accurate estimate of this cost from based on local processor costs. Line 12 relates to the percentage of harvested deer that will have some type of taxidermy service performed, such as a shoulder or full body mount. Line 13 allows for the average per deer expense of this service for the hunter.

We thank you in advance for taking the time to complete this survey. Upon completion, please return the survey with the enclosed envelope no later than November 10th. Questions or requests for additional surveys may also be directed to Brian Frosch at 888-890-5663.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact. This initiative petition prohibits confined big game hunting in Missouri.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated the proposed amendment would prohibit the shipment or transportation of big game species to or from Missouri destinations, with certain exceptions. It gives the Missouri Conservation Commission primary authority over the regulation of privately owned big game species, including rulemaking authority. It also states that confined big game killing or the owning, possessing, confining, transporting, breeding or raising of privately owned big game species shall not be construed as hunting, farming or ranching for any purpose under the Constitution or any law. Information or data related to any program related to diseases of big game species is considered a public record and subject to disclosure.

Budget and Planning defers to the Missouri Conservation Commission for an estimate of the proposal's fiscal impact on the Commission or the Missouri Department of Conservation (MDC). Budget and Planning also defers to the Missouri Department of Agriculture (MDA) for an estimate of the proposal's potential fiscal impact on MDA. Budget and Planning does not have sufficient information to estimate the potential fiscal impact the proposal may have on state or local government revenues derived from practices that would be regulated, restricted, or prohibited under the proposal.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated the proposed amendment proposed in this petition will have no fiscal impact on their city.

Officials from **Metropolitan Community College** indicated no anticipated fiscal impact for their college.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will not have a fiscal impact on their university.

Officials from the **Metropolitan Zoological Park and Museum District** indicated they do not believe this initiative petition will have a financial impact on their district.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, University of Missouri, St. Louis Community College, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** and the **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

State governmental impact is unknown. Local governmental entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 29, 2017

RECEIVED
MAR 29 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Marc Ellinger regarding a proposed constitutional amendment to Article IV, version 3 (2018-188)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Marc Ellinger on March 28, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
MAR 28 2017
MO. SECRETARY OF STATE

(Official Ballot title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article IV is amended by adding one new section to be known as Section 40(c), to read as follows:

40(c). 1. The provisions of Section 40(c) shall be known as the Native Missouri Wildlife Conservation Amendment, and its purpose is to prohibit the shipment or transportation of big game species to or from Missouri destinations. It shall be the public policy of this state to protect the health of Missouri's livestock and wildlife by changing the requirements related to the transport of captive big game species. Transport of big game species into and inside Missouri presents a significant threat to the safety, health and welfare of wildlife across Missouri due to the risk of introducing disease. Confined big game killing or the owning, possessing, confining, transporting, breeding, or raising of privately owned big game species shall not be construed as hunting, farming or ranching for any purpose under this Constitution or any law.

2. Upon the effective date of this Amendment the delivery, receipt, shipping, or transportation of any big game species to or from any destination within Missouri shall be prohibited. The only exceptions to this general prohibition are as follows:

a. Prior to and on November 7, 2019, a Missouri facility legally confining big game species with all required permits in place on November 6, 2018, and which continuously maintains all required permits, may deliver, ship or transport any big game species for which such facility maintains such permits, and any person engaged in the shipping to or from any such excepted facility however the shipping of such big game species into Missouri shall not be permitted under this exception;

b. When such big game species are being transported to or from any facility and will be held under the authority of the Missouri Conservation Commission or under the supervision of an authorized representative of: governmentally owned zoos or wildlife or research organizations; American Zoo and Aquariums Association accredited not-for-profit facilities; nationally accredited universities, colleges or, schools; incorporated cities, states or federal agencies for scientific research;

c. When such big game species are transported through Missouri in compliance with federal regulations, with both origin and destination outside of Missouri;

d. When such big game species are transported to any commercial slaughter facility operating under state or federal inspection for commercial meat production; or

e. When such big game species are transported, for treatment of illness or injury, between a veterinary facility and a facility authorized to possess privately owned big game species.

3. In addition to the authority vested in it by Section 40(a) of Article IV, the Missouri Conservation Commission shall have primary authority over the regulation of privately-owned big game species. The Missouri Conservation Commission may make such rules and regulations as may be deemed necessary for the enforcement of this Amendment.

4. Information or data in either paper or electronic form regarding any voluntary or mandatory program related to diseases of big game species shall be considered a public record and subject to disclosure except as or expressly permitted or required to be closed by federal law or this constitution.

5. Definitions.

a. "Big game species" as used in this amendment shall not include any livestock as defined in this Amendment, and shall include all of the following animals, either as live animals, embryos, ova, or semen: (a) all cervids and cervid hybrids including but not limited to white-tailed deer, elk, mule deer, red deer, fallow deer, sika deer and moose; (b) mountain goats, bighorn sheep, Dall's sheep, pronghorn, peccary, and javelina; and (c) any other ungulate (hooved animal) confined or bred primarily for confined big game killing and not for commercial meat production or other human use.

b. "Confined big game killing" as used in this amendment shall mean an act in which an owner, operator or agent of a big game preserve permits, allows, enables or facilitates the killing or attempted killing of big game species inside a big game preserve, but shall not include any act of a government employee or agent to control an animal population, to prevent or control diseases, or when government action is otherwise required or authorized by law.

c. "Livestock" as used in this Amendment, shall mean cattle, fully domesticated swine, fully domesticated sheep, fully domesticated goats, fully domesticated bison, fully domesticated ratite birds, fully domesticated rabbits, and fully domesticated horses, donkeys, mules, alpacas and llamas, where such fully domesticated animals are raised primarily for human use or consumption not including confined big game killing. Livestock shall also include embryos, ova, and semen of any designated animal in this definition.

d. "Big game preserve" as used in this amendment shall mean a facility confining privately-owned big game species within fencing designed or intended to reduce the ability of such privately-owned big game species to escape or to evade pursuit.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-188)

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article IV. (Received March 29, 2017)

Date

April 18, 2017

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** the **Missouri Joint Municipal Electric Utility Commission,** and **Metropolitan Zoological Park and Museum District**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated this initiative petition will have a substantial negative impact on the cervid industry in Missouri.

The Agricultural and Food Policy Center at Texas A&M University conducted an economic impact study of the United States cervid farming industry in 2007 (attached) based on a survey of the deer farms in Texas and the elk producers located throughout the United States.

Based on the values provided by the Texas A&M study, and an estimated 225 cervid producers in Missouri, the industry has an estimated direct annual economic impact in Missouri of approximately $98 million. The number of people employed in the cervid industry in Missouri is estimated to be approximately 1,150 individuals. In addition, based on the study and 2007 property tax rates, the cervid industry pays approximately $700,000 annually in local property taxes.

They included the following information on the economic impact of the United States cervid farming industry:

ECONOMIC IMPACT OF THE UNITED STATES CERVID FARMING INDUSTRY

Agricultural and Food Policy Center
Texas A&M University

August 2007

AFPC

Department of Agricultural Economics
Texas Agricultural Experiment Station
Texas Cooperative Extension
Texas A&M University

College Station, Texas 77843-2124
Telephone: (979) 845-5913
Fax: (979) 845-3140
http://www.afpc.tamu.edu

Acknowledgements

In no way could the study have been completed without the outstanding efforts of the members and leadership of both the North American Deer Farmers Association (NADeFA®) and the Texas Deer Association (TDA). We truly appreciate all of the members who took the time to complete and return the survey. In addition, we sincerely thank all of those who took time out of their schedules to educate us and let us see your operations first hand. Specifically, from NADeFA®: Fred Huebner, Holly Johnson, Glenn Dice, Julie Getschmann, and Shelly Burns. From the TDA: Scott Bugai, Dick Cain, and Lisa Barton. The following people and operations: Robert Williams of RW Trophy Ranch, Buddy Jordan of Indian Creek Ranch, Trophy Ridge Ranch (Dick Cain), Buck Naked Trophy Whitetails (Scott Bugai), Stephen Frisina of Celebrity Ranch, Tom Malouf of Malouf's Trophy Whitetails, Robert Gegenheimer of Cotton Mesa, Dave McQuaig of Cougar Ridge Whitetails, Mike Hine of Timberghost Ranch, Pat Cooper, Russ Walk of Walk's Whitetails, Dean Borntrager of Sundance Whitetails, Levi Mast of Mast's Whitetails, Dave Griffith of Griffith Brothers Whitetail Ridge, and Tim Tague and Doug Berty of Double T Ranch.

ECONOMIC IMPACT OF THE UNITED STATES CERVID FARMING INDUSTRY

David P. Anderson
Brian J. Frosch
Joe L. Outlaw

Agricultural & Food Policy Center
Department of Agricultural Economics
Texas Agricultural Experiment Station
Texas Cooperative Extension
Texas A&M University

APFC Research Report 07-4

August 2007

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Executive Summary

- The cervid farming industry is, perhaps, the fastest growing industry in rural America.
- Over 2,000 industry participants were surveyed, with a response rate of 14 percent.
- This survey, designed to estimate the economic impact of the industry, was performed in late 2006-early 2007.
- The average whitetail deer farm had 82 deer, composed of 28 males, 28 females, 26 fawns, and had an average birth rate of 1.31 fawns per doe in 2006.
- Breeding operations reported expenditures averaging $101,000 per year.
- The cervid farming industry has a direct economic impact of $893.5 million.
- When incorporating the indirect impacts of the industry, for example, the farm's expenditures on feed, veterinary supplies, fuel and other purchases, the total economic impact of the industry is $2.3 billion.
- One of the major customers of this industry is hunters. Estimating the impact of hunting dollars spent, with hunters as the consumer of cervid farming products, an additional $757 million is generated by the cervid farming industry.
- The total impact of the industry, combining the farming and hunting components, is $3.0 billion annually.
- The economic activity of the cervid farming industry supports 29,199 jobs, most of which are in rural America. If this industry did not exist, those jobs would have to be supported by some other economic activity.
- These results highlight the fact that the cervid farming industry is a growing and important industry in rural America.

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Introduction

The cervid, or deer, farming industry is a vital and growing business in rural areas of the United States. As demographic and market forces tend to shift traditional revenue sources away from rural communities, their economies increasingly rely on new industries such as this one. As the industry has grown, participants and legislators have developed an interest in measuring the economic contribution of the industry on their respective communities. In addition, the industry is governed by a myriad of state and federal laws, regulations, and jurisdictions. Since the majority of industry regulation is left up to the states, a significant amount of variability in the regulations exists from state to state. This lack of consistency in laws and regulations may be a factor affecting future industry growth in some states. The rapid growth of the industry and an array of policy issues led the industry to request this study of the size and economic importance of the cervid farming industry. In 2006, the Agricultural and Food Policy Center (AFPC) at Texas A&M University was requested by former Texas Congressman Henry Bonilla to undertake this study. The primary objective of this study is to determine the economic impact of the United States cervid farming industry. Secondary objectives include providing a current description of typical industry participants and cost estimates for the major categories of expenses on cervid farming operations.

Cervid Industry

The term "cervid" refers to any one of the various members of the cervidae family. This family includes members such as whitetail deer, elk, fallow, reindeer, axis, sika, and red deer among others.[1]

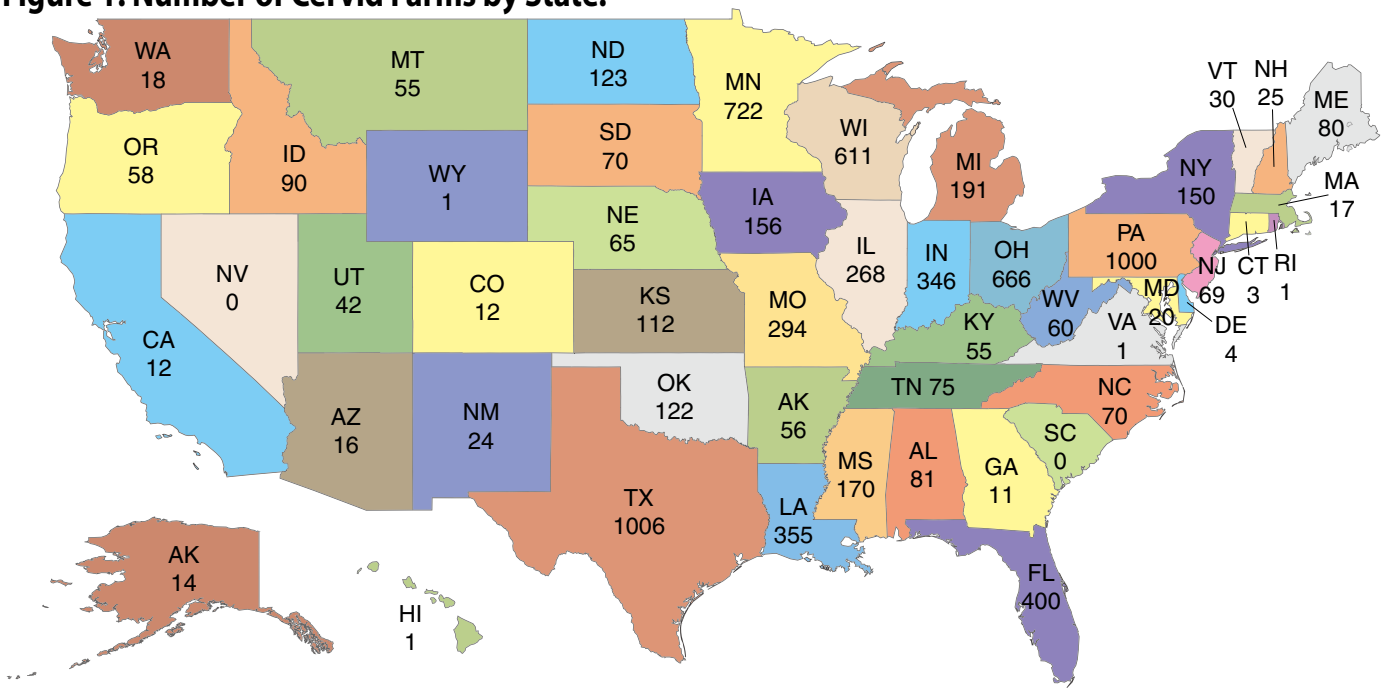
Like any industry, the cervid farming industry involves producers and consumers. In general, the production side of the industry is comprised of breeding stock producers, trophy hunting preserves, commercial venison producers, and commercial scent collection. Some commercial production operations may take on a single segment, such as one producing and selling only breeding stock. Others may consist of any combination of these, such as an operation producing venison and velvet, while also collecting urine for scent sales. Consumers of the industry include hunters (for scent products and hunting) other breeders, and consumers of venison and related products (hides, velvet, shed antlers, etc.).

Figure 1 displays the estimated number of cervid farms per state. This inventory was compiled by the administrative staff at the North American Deer Farmers Association (NADeFA®) through contact with the appropriate state agency. Those states that did not have an exact count provided their best estimate. Across the nation, the total number of cervid farms was 7,828, with Pennsylvania and Texas home to around 1,000 farms each. The total number of hunting preserves is estimated at 2,639, yet this only represents an estimate of those that are related to the cervid farming industry. As an example of the growth the cervid farming industry is experiencing, there were 946 permitted breeding facilities in Texas in late summer 2006. However, when the analysis took place early in the spring of 2007, there were 1,006 permitted facilities. In addition, it is important to note that there are approximately 1,600 Amish operations included in the national total. For many in the Amish communities, deer breeding is another way to diversify their operations. A number of industry participants find that this form of farming provides an opportunity to turn a greater profit on a relatively small amount of acreage than traditional farming or ranching enterprises.

The trophy hunting segment of this industry relates only to those operations that purchase outright or release their own cervids into a hunting preserve. This segment represents the primary end market for the breeding stock industry. Trophy hunting, in this sense, involves hunting trophy cervids within high fenced hunting preserves. This generally occurs via 3-6 day hunt packages, where the hunter is provided lodging, meals, and a guided hunt for a set fee. Hunter expenditures included in this study only include those hunters that are related to this industry. In other words, hunters, in the context of this study, are only those that hunt at operations that either purchase or release deer from breeding operations into their hunting operations. Breeding operations represent the largest segment of the cervid farming industry. These operations raise and sell breeding stock to other industry breeders as well as hunting preserves. The commercial venison segment is similar to other food animal production operations, with fallow, elk, and red deer being the primary species reared. Cervids are raised to market age, processed, and the resulting venison is sold. In addition to venison, these operations may sell other co-products such as velvet, hides, and antlers. The last segment is the commercial urine, or scent, collection operations. These operations are found to stand alone or co-exist with other operational segments, where the urine is collected from males and females to sell as a hunting attractant.

[1] "Cervid." The American Heritage® Science Dictionary. Houghton Mifflin Company. 20 Jul. 2007. Dictionary.com http://dictionary.reference.com/browse/cervid

Figure 1: Number of Cervid Farms by State.



Methodology

As previously mentioned, the primary objective of this study is to estimate the economic impact of the United States cervid farming industry. In order to do this, a survey instrument was developed to collect detailed operational information from industry participants. This information was then combined with the inventory of cervid farms to analyze the production side of the industry. In addition, an analysis was performed to determine the impact of hunters, but only the portion of hunters who are related to the cervid farming industry. The production and hunting components were then combined to estimate the economic impact of the cervid farming industry.

Data Collection

During the late summer and early fall of 2006, background information to develop the survey was gained through site visits to cervid farms across the nation. Interviews from these visits provided a base set of information that was then utilized to develop the survey instrument. The survey was then reviewed by industry participants, revised, and sent to over 700 members of NADeFA® and 1,300 members of the Texas Deer Association (TDA) over the fall of 2006 to early 2007. Overall, the extensive survey achieved a response rate of 14 percent. These memberships were selected to participate in this study because they represent all facets of the cervid farming industry.

Survey Development

The actual survey instruments are contained in Appendix A (NADeFA®) and Appendix B (TDA). For the purposes of the survey, the cervid farming industry was segmented into three operational structures: breeding only, breeding and hunting, and hunting only operations. Breeding only operations were defined as those that only involve the scientific breeding and rearing of cervids for the purpose(s) of breeding stock, commercial venison, or commercial urine collection. Hunting only operations relate to only those hunting preserves that purchase cervids from breeding operations as stockers or as breeding stock for release into the preserve. Operations that manage their deer populations by selective harvest and nutritional supplements, rather than supplementing the natural genetics with deer released from breeding operations, are not included in this category. Breeding and hunting operations represent those that engage in breeding activities while also utilizing their own breeding stock, or purchased breeding stock, to supplement the genetics and/or populate their hunting preserve.

While a majority of the industry are whitetail deer producers, a variety of cervid species are raised as well, including elk, red deer, mule deer, sika, pere david's, reindeer, axis, fallow, and muntjak. The surveys proved to be quite extensive, as they were designed to represent producers of all of these cervid species and operational segments. For breeding operations, the survey included questions regarding the operation in general, herd inventory, purchases, sales, capital expenditures, veterinary expenditures, labor, feeding rates and expenditures, utilities, and other miscellaneous expenses. For hunting operations, the base operational questions remained the same, however, hunting related questions were included as well, such as the number of hunters, harvest rate, percentage of herd from breeding operations, hunt revenues, processing, and taxidermy.

Figure 2: Typical Fenced Paddock.

Survey Results

General Operations

Of the 302 respondents, 61 percent were breeding only operations, 32 percent were breeding and hunting operations, and 7 percent were hunting only operations. Respondents represented 26 of the 48 states that have some type of cervid operation. When combining all survey respondents, operations have been in business, on average, since 1999.

From the NADeFA® survey results, the average whitetail deer breeding operation reported a total of 82 deer, on close to 25 acres. Of these, 28 were bucks, 28 were does, and 26 were fawns. In 2005, bred does had an average of 1.24 fawns each, which increased to 1.31 for the 2006 fawning season. Average annual mortality rate was reported to be 9.6 percent. For comparison, whitetail breeding operations from the Texas survey were slightly larger, averaging 114 head, on a little more than 64 acres. Of these, 42 were bucks, 44 were does, with the remainder being fawns. Bred does averaged 1.27 fawns each in 2005 and 1.37 in 2006, slightly higher than the national results. Overall herd mortality rate was reported to be 5.7 percent.

Table 1 above contains a summary of the average operational costs across all survey respondents. A quick glance through the table reveals expected differences across operations for general expenditures. Breeding and hunting operations displayed the largest footprint, around 1,700 acres, as expected. Breeding only operations were the smallest, averaging around 20 acres in pens. Pens, in this sense, are typically described as a high fenced paddock, as shown in Figure 2. For those pens holding bucks or bulls, a protective screening is often used in conjunction with the fence to keep an antler from hooking in the fence accidentally. In addition, screening may be used as a visual barrier, particularly if the operation is near a road, to shield the deer from view from passers-by.

Breeding and hunting operations had more area devoted to breeding pens, more pens overall, and more deer (Table 2) than breeding only operations. This was expected as the breeding and hunting operations supply their hunting operation from their breeding operation, and are not necessarily relying on sales or transfers to move deer off the operation.

The results indicate expenditures on lodges, fencing, and improvements were the top three in terms of the capital cost for both breeding and hunting and hunting only operations, while breeding operations spent the most on fencing, buildings, and improvements. The category of improvements includes expenditures on land clearing, roads, tanks/ponds, and forage development among others. Large equipment, ranch vehicles, and implements were reported as the highest equipment expenditures across all three types of operations. Of all the respondents, 49 percent reported hiring labor, while 43 percent reported outsourcing labor and/or consulting needs. Breeding and hunting operations reported using four times the amount of outsourced services than breeding only operations, or $16,456 versus $4,042. Examples of outsourced services include those of operational management and or nutritional consulting, bottle feeding services for newborns, annual herd maintenance/vaccination services, and accounting services.

Figure 3 provides a summary of expenditures for a typical breeding operation. Survey categories, such as those shown in Table 1, were combined into four primary expense categories: capital, operational, feed, and general. Figure 3 illustrates the annual expenses for breeding operations. Operational expenditures include items such as supplies, labor,

Figure 3: Annual Breeding Operation Expenditures.

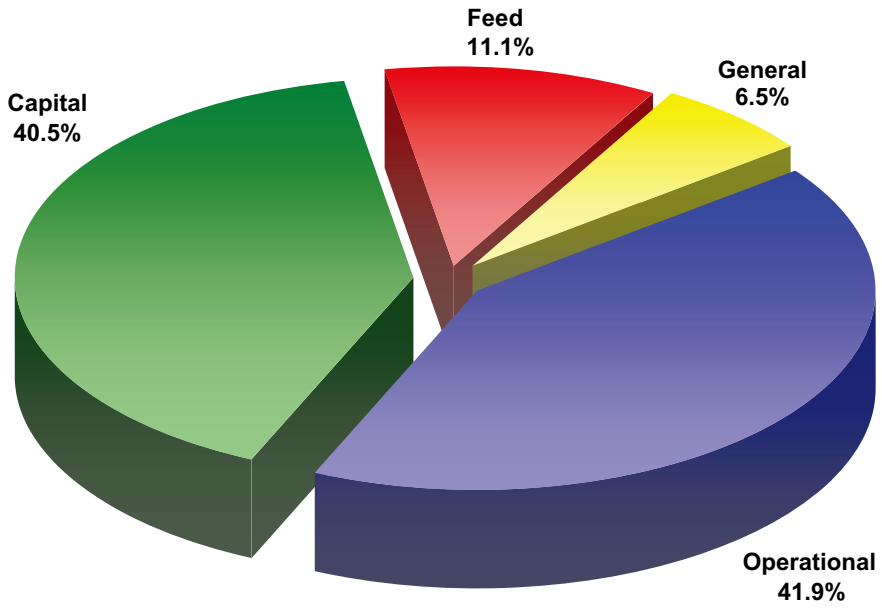


Table 1: Average Annual Operational Costs of Cervid Industry Survey Respondents.

(in dollars)	Breeding Only	Breeding & Hunting	Hunting Only
Operation			
Year started	1999	1998	1998
Area of breeding (acres)	22	80	NA
Area of hunting (acres)	NA	1,639	1,123
Land purchased (acres)	139	895	1,022
Purchase value ($/ac)	3,166	1,729	1,407
Facilities			
Capital cost of lodge(s)	NA	172,673	159,326
Number of pens	8	13	NA
Area of pens (acres)	20	25	NA
Fencing	27,201	144,039	94,592
Shelters	6,980	14,479	NA
Improvements	17,270	81,750	63,507
Buildings	19,693	80,262	55,961
Working pens	10,336	18,366	NA
Percent with Handling Facility	64%	54%	NA
Cost of Handling Facility	15,627	36,502	NA
Maintenance and Repair	2,907	18,731	12,143
Equipment			
Large equipment	33,009	93,268	61,665
ATV(s)	9,325	19,841	14,391
Ranch vehicles	29,422	55,470	37,208
Implements	9,578	26,510	20,038
Trailers/crates	6,300	14,421	9,228
Bulk feed bins	4,045	13,063	7,490
Feeding equpment	3,667	16,759	9,497
Watering equipment	2,398	9,413	9,046
Video equipment	1,916	3,473	2,003
Rental equipment	1,184	4,716	3,424
Sedation equipment	1,178	1,778	NA
Veterinary & Supplies			
Operating supplies	3,557	5,560	NA
Medical supplies	1,675	2,674	NA
Veterinary expense	2,257	4,121	NA
Lodge supplies	NA	5,237	5,183
Lodge food and beverages	NA	5,021	5,023
Labor			
Employees paid salary	2	2	2
Employees paid hourly	2	3	2
Total salary wages paid	35,613	65,801	39,608
Average annual salary wage expense	23,667	28,985	22,134
Total hourly wage paid	8,398	26,805	13,689
Average annual hourly wage expense	5,522	9,856	9,468
Outsourced services	4,042	16,456	12,097
Utilities			
Utilities	1,618	7,551	4,535
Fuel	2,103	10,070	5,104
Miscellaneous Expenses			
Insurance	1,915	5,916	3,663
Advertising/marketing	2,322	8,097	6,103
Travel	2,353	6,308	3,864
Property tax	2,473	6,564	4,068

utilities, insurance, advertising, and travel. Capital expenses refer to annualized capital costs for items such as land, improvements, fencing, buildings, breeding stock, feeding equipment, ATV's, and implements. Feed refers to the annual feed costs, including supplemental feed, hay, and bottle feeding supplies. Lastly, General costs cover the remainder of expenditures on items such as food plots, artificial insemination, veterinary, and disease monitoring.

Production

Table 2 contains a summary of production data across all respondents. Feed represents a little over 11 percent of total annual expenditures for breeding operations. From venison production to breeding stock operations, proper nutrition is essential to the physical health, development, and overall well being of all cervids. For breeding only operations with whitetails, 53 percent of respondents indicated bottle feeding their fawns, while only 29 percent of breeding and

Table 2: Average Production Data of Cervid Industry Survey Respondents.

	Breeding Only	Breeding & Hunting
Herd Inventory (Final 2005)		
Whitetail		
Males	21	49
Females	25	51
Fawns	23	48
Birth rate (2005)	1.3	1.2
Birth rate (2006)	1.4	1.3
Annual Mortality Rate	8%	7%
Elk		
Males	18	12
Females	24	9
Fawns	16	3
Fallow		
Males	43	3
Females	94	4
Fawns	50	*
Red Deer		
Males	46	47
Females	57	66
Fawns	35	27
Feeding		
Whitetail		
Fawns		
Percent bottle feeding	53%	29%
Percent of fawns bottle fed	53%	44%
Average bottle feeding days until weaning	98	91
After weaning		
Daily protein feed rate (lbs)	2	2
Daily hay feed rate (lbs)	1	1
Does		
Daily protein feed rate (lbs)	3	3
Daily hay feed rate (lbs)	2	1
Bucks		
Daily protein feed rate (lbs)	4	4
Daily hay feed rate (lbs)	2	2
Elk		
Males		
Daily protein feed rate (lbs)	6	6
Daily hay feed rate (lbs)	10	10
Females		
Daily protein feed rate (lbs)	4	7
Daily hay feed rate (lbs)	10	10
Fallow		
Males		
Daily protein feed rate (lbs)	0.4	2
Daily hay feed rate (lbs)	4	*
Females		
Daily protein feed rate (lbs)	0.3	2
Daily hay feed rate (lbs)	4	*
Red Deer		
Males		
Daily protein feed rate (lbs)	5	3
Daily hay feed rate (lbs)	7	3
Females		
Daily protein feed rate (lbs)	4	3
Daily hay feed rate (lbs)	6	3
Area of food plots (acres)	14	47
Seed	813	2,560
Fertilizer	1,011	2,777
Protien feed price (per ton)	318	305
Hay price (per ton)	193	268

* Insufficient results

hunting operations did. Of all species, bottle feeding is primarily practiced with whitetail fawns. Other species will not typically incur such management practices, where bottle feeding may only be utilized for orphaned or sick young.

On average, adult whitetail males were fed close to 4 pounds of supplemental feed per day, while elk consumed slightly over 6 pounds. All of the reported species were fed a protein concentrate and hay. Hay costs were extremely high during the study period due to severe drought conditions across most of the southern plains. In addition to purchased feed, 74 percent of all respondents reported planting food plots on their operations, ranging from half an acre to 500 acres.

When combining results, 70 percent of all breeding or breeding and hunting operation respondents indicated some type of breeding stock purchase. This would include purchases of breeder males, stocker males, bred females, open females, fawns, or semen straws. For whitetail, breeder bucks were the highest dollar expense, costing close to $21,000 each on average.

Hunting Operations

Operations with hunting reported other expenses in addition to those of breeding operations. Seventy-six percent of all respondents of operations that reported to be involved in hunting had a lodge on the premises for their clients. In addition to the roughly $170,000 cost of the lodge, these operations also accrued expenses to maintain and supply the lodge. Labor costs were reported to be higher than those of breeding operations due to an overall larger operation, as well as seasonal hunting guides. Food plots in the hunting areas tended to be larger, along with more feeders, waterers, and fencing, all contributing to the higher reported expenses. Although the majority of hunting operations accepted paying clients and corporate clients, 14 percent reported their hunting operation as personal use only. Of the whitetail hunting operations reporting, respondents estimated an average of 49 percent of the deer in their hunting areas are from breeding operations. Of all the respondents, 49 percent reported hiring labor, while 43 percent reported outsourcing labor and/or consulting needs. For breeding operations, those hiring salaried employees reported an annual expense in the mid $20,000 range. This expense increased to the mid $30,000 range for breeding and hunting operations. On the whole, labor hired on an hourly basis tended to be more prevalent than salaried labor.

Feed was the third largest expense category, representing a little over 11 percent of annual expenditures for breeding operations. Although it's not the largest expense category, feeding is considered to be one of the most important aspects of all operations. From venison production to breeding stock operations, proper nutrition is essential to the physical health, development, and overall well being of all cervid operations. For fawns, 45 percent of respondents indicated bottle feeding their young. Typical products used for bottle feeding ranged from goat's milk to different brands of milk replacer. On average, adult whitetail males were fed close to 4 pounds of supplemental feed per day, while elk consumed slightly over 6 pounds. Respondents indicated paying a little over $300 per ton for supplemental feed, while hay costs averaged around $240 per ton. In addition to purchased feed, 74 percent of all respondents reported planting food plots on their operations, ranging from half an acre to 500 acres.

Economic Impact

IMPLAN® (Impact Analysis for Planning), an input/output model, was used to estimate the economic impact of the cervid farming industry on the national economy. Originally developed by the USDA Forest Service, the IMPLAN model is now managed and maintained by the Minnesota IMPLAN Group (MIG). The model is, arguably, the most used and cited model for performing economic impact analyses in the United States.

The IMPLAN model is driven by purchases of final goods and services in a certain region, such as a state, a group of states, or the entire nation. These purchases represent the dollar value of the increase in finished goods and services demanded, and create an impact that ripples throughout the economy.

Industries produce goods and services for final use and purchase goods and services from other industries. These other producers and industries buy goods and services as well, which IMPLAN designates as indirect purchases. In addition, each step along the cycle pays wages and salaries to employees, who, in turn, make additional expenditures into the economy of the region.[2]

In determining the overall economic impact of an industry, the IMPLAN model uses a set of multipliers, separated by sector, to estimate the direct, indirect, and induced effects (induced being effects of household spending) of the economic cycle. Over 500 sector codes are included in the IMPLAN model, where each code represents a unique industrial sector that a specific product or category of products is represented by. The multipliers that are derived for each sector quantify the ripple effects of a dollar increase in final demand, thus resulting in an estimation of the economic impact.[3]

Cervid Industry

In determining the economic impact of the cervid farming industry, the categories of the survey were prepared for input into the IMPLAN model. This was accomplished by extrapolating the survey results against the inventory of operations to arrive at total industry expenditures for each category. These totals represent the value of final goods and services demanded by the industry, and were the baseline inputs for the IMPLAN model. Categories from the extrapolated survey results, such as supplemental feed or fencing, are then assigned a sector code according to the underlying industry the category relates to. Table 3 provides an example of category inputs and their multipliers from IMPLAN, with each category belonging to a different sector. Differences between the multipliers for each category demonstrate how dollars move throughout different industries. For instance, a $1 million change in final demand for supplemental feed will generate a total of $2.67 million in total industry output, $1.53 million in value added economic activity, and will support 24.34 jobs. In this example, total industry output would include the output generated by the supplemental feed industry and those industries that supply it. Value added from this industry includes employee compensation, proprietary income, other proprietor income, and indirect business taxes that are generated.[4] The employment multiplier represents the number of jobs that are supported per million dollar change in final demand.

[2] Lindall, Scott A. and Douglas C. Olson. "The IMPLAN Input-Output System." Minnesota IMPLAN Group. Available online, accessed February 5, 2007. http://www.implan.com/
[3] Ibid.
[4] Ibid.

Table 3: Cervid Industry Multipliers.

	Output	Value Added	Employment
Supplemental Feed	2.67	1.53	24.34
Food plots	3.18	1.72	46.12
Veterinar y	3.43	1.57	31.42
Utilities	2.04	1.23	8.48
Insurance	2.35	1.52	18.25
Maintenance and repair	3.01	1.57	24.68
Handling facility	2.93	1.61	25.61
Fencing	3.02	1.61	25.36
Large equipment	3.02	1.29	15.79
ATV's	2.73	1.59	22.96

Hunter Expenditures

An additional component in determining the economic impact of the industry is to evaluate and include the role of hunter expenditures in the consumption of industry products. Not all hunting is related to cervid farming, but some is, therefore it is important to include only that which is related to this industry. In other words, the hunting product of cervid farming is a small part of overall cervid hunting in the United States. Yet the hunting component or economic activity associated with deer farming is an important part of the economic activity generated by the cervid farming industry. While overall hunter numbers in the United States are down, the demand for trophy hunting appears to be increasing. Dollars spent on hunting, assorted gear, and travel continue to grow. Time is increasingly the limiting factor for many industry participants, as they have the money to participate, but not the time to invest in traditional hunting. The growth of this segment of the industry is expected to continue, therefore, it is important to include this aspect of the industry in this study.

In order to determine this impact, the number of hunters per operation was taken from the survey, extrapolated against all hunting operations, and combined with a report that outlines hunting expenditures on a per hunter basis. This report, entitled the "Economic Importance of Hunting in America",[5] was based on the 2001 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation survey conducted by the U.S. Fish and Wildlife Service and the U.S. Census Bureau. These retail expenditures were then combined with other hunt related expenditures, such as trophy and processing fees, and assigned sector codes for the IMPLAN model. When totaled, less than 1 percent of the report's estimated 11 million deer hunters are related to the cervid farming industry. However, this small percentage of hunters account for over 2 percent of the report's estimated $10 billion in retail, travel, and hunt related expenditures.

Results

Table 4 below provides a summary of the economic impact of the industry. Cervid operations generate an estimated $893.5 million in direct expenditures into the U.S. economy. This value represents the estimated increase in final demand of all goods and services consumed by the industry. As these direct expenditures ripple throughout the economy, the cervid farming industry generates an estimated $2.3 billion of total industry output for all industries that supply the cervid farming industry. These industries include feed suppliers, farm and ranch supply stores, veterinary services, medical and sedation product suppliers, construction, utilities, advertising, insurance, and numerous others. Hunters contribute an additional $241 million in direct economic impacts through retail and hunt related expenditures, which generates a total of $756.9 million of total industry output.

When combined, the cervid farming industry generates $3 billion of economic activity and output in the U.S. economy. The industry provides the economic activity that supports 29,199 jobs in the economy, most of which are located in rural areas of the nation. If this industry were to disappear, these jobs would have to find support from some other sector of the economy. Unfortunately, not every segment of the industry could be analyzed. Insufficient industry and survey data limited analysis to only the operational aspects of both the venison and scent collection industries, as production and retail revenues were excluded from the analysis.

[5] "Economic Importance of Hunting in America." Produced by Southwick Associates, Inc. for the International Association of Fish and Wildlife Agencies, 2002. Available online, accessed August 10, 2006. http://www.southwickassociates.com/freereports/default.aspx

Table 4: Economic Impact of the Cervid Farming Industry.

	Direct	Output	Value Added	Employment
All Operations	893,501,559	2,333,462,511	1,276,311,405	21,070
Hunters	241,042,970	756,897,725	358,602,855	8,129
Total	1,134,544,528	3,090,360,236	1,634,914,260	29,199

Conclusion

With over 7,000 operations and 2,000 hunting preserves, the cervid farming industry has an established presence across the nation. The majority of these operations are located in rural areas of the nation. In addition, while traditional forms overwhelmingly dominate the hunting industry, the small niche of hunters this market serves continues to increase. This increase in demand is fueling the growth in the breeding industry. Over $1.1 billion in direct expenditures are poured into the U.S. economy each year by commercial farming operations and sportsmen related to this industry. In turn, this generates $3 billion of economic activity while supporting 29,199 jobs. All told, these results highlight the fact that the cervid farming industry continues to be a vital contributor to the rural economies of the United States.

Appendix A: National Cervid Industry Survey

National Cervid Industry - Economic Impact Survey

Instructions are provided at the end of this survey. Include annualized 2005 figures where appropriate.

Please indicate type of operation (check all that apply)
Cervid Breeding (includes venison and urine collection) ☐ **Cervid Hunting** ☐ **Cervid Breeding and Hunting** ☐

Cervid Breeding

***Please select type of cervid breeding operation*:** **Breeding only** ☐ **Commercial Venison** ☐ **Commercial Urine Collection** ☐

I. Operation

1. Year started: _____ 2. State: _____
3. Total acreage: _____ acres 4. Area under high fence: _____ acres
5. Area of land purchased: _____ acres 5a. Purchase value: $_____ (per acre)
6. Area of land inherited: _____ acres

II. Herd Inventory

1. Inventory (Final 2005 figures)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Males:										
Females:										
Fawns/calves:										
Birth rate (2005):										
Birth rate (2006):										
Annual mortality rate (%):										

2. Annual Purchases (Final 2005 figures)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Males (#):										
Total Cost:										
Females (#):										
Total Cost:										
Fawns/calves (#):										
Total Cost:										
Semen straws (#):										
Total Cost:										

III. Facilities

1. Area of breeding operation: _____ acres 1a. Number of pens: _____
2. Area of venison operation: _____ acres 2a. Number of pens: _____
3. Area of urine collection operation: _____ acres 3a. Number of pens: _____
4. Capital cost of fencing: $_____ 5. Capital cost of shelters: $_____
6. Capital cost of improvements: $_____ 7. Capital cost of additional buildings: $_____
8. Capital cost of working pens: $_____
9. Do you have a handling facility? ☐ Yes ☐ No 9a. If yes, capital cost of this facility: $_____
10. Do you have a venison processing facility? ☐ Yes ☐ No 10a. If yes, capital cost of this facility: $_____
11. Do you have a cooler/freezer for venison? ☐ Yes ☐ No 11a. If yes, capital cost of this equipment: $_____
12. Do you have a urine collection facility? ☐ Yes ☐ No 12a. If yes, capital cost of this facility: $_____
13. Do you have a cooler/freezer for urine? ☐ Yes ☐ No 13a. If yes, capital cost of this equipment: $_____

Cervid Breeding, continued

IV. Equipment

1. Purchase price of all large equipment, combined (i.e. tractor + bobcat): $_____
2. Purchase price of all ATVs, combined: $_____
3. Purchase price of all ranch vehicles, combined: $_____
4. Purchase price of all implements, combined: $_____
5. Purchase price of all trailers/transport crates, combined: $_____
6. Purchase price of all bulk feed bins, combined: $_____
7. Purchase price of all feeding equipment, combined: $_____
8. Purchase price of all watering equipment, combined: $_____
9. Purchase price of all video equipment, combined: $_____
10. Annual cost of rental equipment: $_____
11. Purchase price of semen storage tank(s): $_____
12. Purchase price of dart gun/sedation equipment: $_____
13. Purchase price of packaging equipment (venison and urine products): $_____

V. Veterinary & Supplies

1. Annual cost of operating supplies: $_____ 2. Annual cost of medical supplies: $_____
3. Annual veterinary expense: $_____ 4. Average cost per sedation: $_____
5. Number of necropsies performed: _____ 5a. Average cost per necropsy: $_____
6. Number of CWD tests performed: _____ 6a. Average cost per CWD test: $_____
7. Number of deer DNA certified: _____ 7a. Annual cost for DNA certification: $_____
8. Average annual number of sedations (per animal, per species):

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Males:										
Females:										

9. Annual number of females AI'd (per species):

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Females AI'd:										

VI. Labor

1. Number of employees: 1a. Paid salary: _____ 1b. Paid hourly: _____
2. Total annual wages paid: 2a. Salaries: $_____ 2b. Hourly: $_____
3. Annual expense from outsourced services: $_____

VII. Utilities

1. Annual cost of utilities: $_____
2. Annual cost of fuel: $_____

VIII. Miscellaneous Expenses

1. Annual advertising/marketing expense (includes taxidermy services): $_____
2. Annual regulatory expense (permits): $_____
3. Annual meat inspection/nutrition labeling expense: $_____
4. Annual insurance expense: $_____
5. Annual travel expense: $_____
6. Annual property tax: $_____
7. Annual cost of maintenance and repair: $_____

Cervid Breeding, continued

IX. Feeding

Fawns/Calves

1. Do you bottle feed? ☐ Yes (continue below) ☐ No (skip to 2)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Percent of all fawns/calves:										
Days fed until weaning:										
Product used:										
Product price per gal/bag/lb:										
Units fed until weaning:										

2. After weaning: (units are pounds per animal)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Daily protein feed rate:										
Daily hay feed rate:										

Adults

1. Feeding rates: (units are pounds per animal)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Males:										
Daily protein feed rate:										
Daily hay feed rate:										
Females:										
Daily feed rate:										
Daily hay feed rate:										

2. Protein feed price: $_____ (per bag/ton)
3. Hay price: $_____ (per bale) 3a. Average bale weight: _____ lbs
4. Annual protein feed purchase: _____ tons
5. Annual hay purchase: _____ bales
6. Approximate area of food plots: _____ acres
   6a. Annual cost of seed: $_____
   6b. Annual cost of fertilizer: $_____

X. Annual Sales

Annual receipts from breeding operation

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
1. Males sold:										
1a. Total Receipts:										
2. Females sold:										
2a. Total Receipts:										
3. Fawns/calves sold:										
3a. Total Receipts:										
4. Semen straws sold:										
4a. Total Receipts:										

Cervid Breeding, continued

Annual receipts from commercial venison production

	Elk	Fallow	Red Deer	Reindeer	Other:
1. Annual number processed:					
2. Average processing yield per animal (lbs):					
3. General processing cost per animal:					
4. Specialty processing cost – summer sausage, jerky, etc. (per pound):					
5. Amount of specialty processing per animal (lbs):					
6. Total receipts from all venison sales:					

7. Annual packaging, shipping, and labeling expense for venison: $_____
8. Annual number of animals used to collect velvet: _____
9. Annual amount of velvet processed: _____ lbs
10. Processing cost of velvet: $_____ (per pound)
11. Total receipts from velvet products: $_____
12. Annual packaging, shipping, and labeling expense for velvet products: $_____
13. Annual amount of shed/cut antlers sold: _____ lbs
    13a. Total receipts from antler sales: $_____
14. Total receipts from other by-products (hides, pizzles, etc.): $_____
15. Annual number of males sold as breeding stock: _____ 15a. Total receipts: $_____
16. Annual number of females sold as breeding stock: _____ 16a. Total receipts: $_____
17. Annual number of males sold to hunting preserves: _____ 17a. Total receipts: $_____
18. Annual number of females sold to hunting preserves: _____ 18a. Total receipts: $_____

Annual receipts from urine collection

1. Total number of males used for collection: _____
2. Annual amount of urine collected from males: _____ gal
   2a. Total receipts from male urine sales: $_____
3. Total number of females used for collection: _____
4. Annual amount of non-estrous urine collected from females: _____ gal
   4a. Total receipts from non-estrous urine sales: $_____
5. Annual amount of estrous urine collected from females: _____ gal
   5a. Total receipts from estrous urine sales: $_____
6. Annual packaging, shipping, and labeling expense for urine sales: $_____
7. Total receipts from other scent sales: $_____
8. Annual number of males sold as breeding stock: _____ 8a. Total receipts: $_____
9. Annual number of females sold as breeding stock: _____ 9a. Total receipts: $_____
10. Annual number of males sold to hunting preserves: _____ 10a. Total receipts: $_____
11. Annual number of females sold to hunting preserves: _____ 11a. Total receipts: $_____

Hunting

For combination hunting and breeding operations, please separate hunting operation expenses from breeding operation expenses. Include annualized 2005 figures where appropriate.

What is the purpose of your hunting operation? ☐ Personal use only ☐ Corporate clients, no fee ☐ Paying clients

I. Operation

1. Year started: _____ 2. State: _____
3. Total acreage: _____ acres 4. Land inherited: _____ acres
5. Land purchased: _____ acres 5a. Purchase value: $_____ (per acre)
6. Area of hunting operation: _____ acres

II. Facilities

1. Capital cost of lodge(s): $_____
2. Capital cost of fencing: $_____
3. Capital cost of improvements: $_____
4. Capital cost of buildings: $_____
5. Approximate area of food plots: _____ acres
   - 5a. Annual cost of seed: $_____
   - 5b. Annual cost of fertilizer: $_____

III. Equipment

1. Purchase price of all large equipment combined (i.e. tractor + bobcat): $_____
2. Purchase price of all ATVs, combined: $_____
3. Purchase price of all ranch vehicles, combined: $_____
4. Purchase price of all implements, combined: $_____
5. Purchase price of all trailers/transport crates, combined: $_____
6. Purchase price of all bulk feed bins, combined: $_____
7. Purchase price of all feeding equipment, combined: $_____
8. Purchase price of all watering equipment, combined: $_____
9. Purchase price of all video equipment, combined: $_____
10. Annual cost of rental equipment: $_____
11. Purchase price of cooler/freezer equipment: $_____
12. Purchase price of other equipment: $_____

IV. Supplies

1. Annual amount of protein feed purchased: _____ tons 1a. Protein feed unit price: $_____ (per bag/ton)
2. Annual amount of corn purchased: _____ tons 2a. Corn unit price: $_____ (per bag/ton)
3. Annual cost of operating supplies for lodge: $_____
4. Annual cost of food and beverages for lodge: $_____

V. Labor

1. Number of employees: 1a. Salary: _____ 1b. Hourly: _____
2. Total annual wages paid: 2a. Salaries: $_____ 2b. Hourly: $_____
3. Annual expense from outsourced services: $_____

Hunting, continued

VI. Utilities

1. Annual cost of utilities: $_____
2. Annual cost of fuel: $_____

VII. Miscellaneous Expenses

1. Annual insurance expense: $_____
2. Annual advertising/marketing expense (includes taxidermy services): $_____
3. Annual travel expenses: $_____
4. Annual property tax: $_____
5. Annual cost of maintenance and repair: $_____
6. Other annual miscellaneous expenses: $_____

VIII. Hunters

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Annual number of hunters, per cervid:										
Total cervids in hunting area :										
Percentage of total cervids that are from breeding:										
Number of males released from breeding area into hunting area:										
Number of females released from breeding area into hunting area:										
Number of males purchased for release into hunting area:										
Total expense:										
Number of females purchased for release into hunting area:										
Total expense:										
Annual trophy male harvest:										
Total receipts:										
Annual management male harvest:										
Total receipts:										
Annual female harvest:										
Total receipts:										
Average processing cost, per cervid:										
Percent of all harvested males seeking taxidermy services:										
Average taxidermy cost:										

National Cervid Industry - Economic Impact Survey
North American Deer Farmers Association Members

****All information collected in this survey will remain <u>confidential</u>****

Survey Instructions

1. This survey is to be completed by cervid breeding operations (including venison production and urine collection operations), combination cervid breeding and hunting operations, and hunting operations that utilize outside cervid breeding operations as a genetic supplement for their cervid herd. All other industry participants may disregard this survey.
2. For the sections and categories below, please provide annualized 2005 records of actual or accurate estimates of expenditures rather than a range estimate of expenditures.
3. **For combination breeding and hunting operations, please separate breeding operation records from hunting operation records. Contact us for additional surveys if you have multiple permitted breeding and/or hunting operations.**
4. **It is important to use the provided categories for records for each section, rather than combining records from breeding and hunting operations and submitting that in a breeding or hunting category. Please provide an accurate estimate when your records do not match these categories.**
5. If a question does not apply to your operation, please indicate this with an "N/A" response.
6. Please indicate units (lbs, tons, gals, etc.) where applicable.
7. For further explanation of general and selected lines of the survey, please refer to the information below.

Cervid Breeding (Breeding only, Venison production, Urine Collection)

Please indicate the purpose of your breeding operation by checking all boxes that apply.

<u>I. Operation</u>: This category provides for a general overview of your operation. *Purchase value* refers to the cost per acre for the initial purchase of the land.

<u>II. Herd Inventory</u>: This category refers to your final 2005 cervid inventory and final 2005 purchases (please include number purchased with total cost) towards this inventory. *Annual mortality rate* refers to the annual mortality loss on entire herd, including the loss of fawns/calves after weaning. *Birth rate* refers to the number of surviving fawns/calves born per bred female, specifically, the total number of live fawns/calves at weaning divided by the total number of bred females (i.e. 1.5, 2.3, etc.).

<u>III. Facilities</u>: This category refers to your operational specific facilities. *Capital cost* refers to the overall cost of construction for each of the items listed, including clearing, foundation, electrical, plumbing, etc. *Capital cost of improvements* refers to land clearing, roads, forage, water (well drilling, ponds), etc.

<u>IV. Equipment</u>: *Purchase price* refers to the original cost of the equipment at purchase, not an annualized loan payment. *Large equipment* refers to tractors, bobcats, dozers, etc., used in your operation. Please combine all applicable equipment into one figure for lines 1-9.

<u>V. Veterinary & Supplies</u>: *Annual cost of operating supplies* refers to the yearly expense for all operating supplies, such as office supplies, sedation supplies, AI supplies, etc. *Annual cost of medical supplies* refers to the yearly expense for medicine, syringes, etc. *Average cost per sedation* refers to the average expense of supplies and labor to sedate or dart an animal. *Number of necropsies performed* refers to the number of post mortality veterinary examinations performed to determine the cause of death. *Average cost per necropsy* refers to the average labor and labwork expense of performing a necropsy on a single animal. *Average cost per CWD test* refers to the average labor and labwork expense of performing a CWD test.

<u>VI. Labor</u>: This category refers to the labor expense for your breeding operation. Owners, spouses, and children must be accounted for in this category as an employee(s) and in total wages, if paid labor is performed by these individuals. *Total wages paid* refers to annual wages for all employees. Owner/operators must include amount allotted or withdrawn for family living for line 2a. *Annual expense from outsourced services* refers to all additional contracted labor from those not on the payroll, including consulting services, accounting services, legal services, herd survey services, etc.

<u>VII. Utilities</u>: This category refers to the annual utilities expense for electric, phone, water, sewage, refuse disposal, etc., and the annual fuel expense for your breeding operation.

<u>VIII. Miscellaneous Expenses</u>: *Annual advertising/marketing expense* refers to the annual cost of advertising and marketing materials, which includes taxidermy services for genetic display (horn molds, shed mounts, deceased buck mounts, etc.). *Annual regulatory expense* refers to the annual cost of regulatory operating permits, if applicable to your state. *Annual meat inspection expense* refers to the annual cost to venison production operations for state or federal meat inspection. *Annual insurance expense* refers to the yearly cost of auto, property, liability, health, etc. insurance. *Annual travel expense* refers to the annual cost of travel, such as fuel, food, lodging, airfare, etc. *Annual cost of maintenance and repair* refers to all maintenance and repair for facilities, equipment, fencing, roads, etc.

<u>IX. Feeding</u>: This category relates to feeding rates of fawns/calves and adults in your operation. For those who bottle feed fawns/calves, please indicate the percent of all fawns/calves that are bottle fed for, the number of days of bottle feeding until weaned, the product used (i.e. goat milk, milk replacer, etc.), the per unit product price (please indicate units-gal, bags, lbs), and the number of units of this product used per fawn until weaning for each cervid species in your operation.

<u>X. Annual Sales</u>: This category relates to the final 2005 revenue inflows of your operation. Receipts are categorized for breeding operations, commercial venison operations, and commercial urine operations. Please separate records for each these categories that apply to your operation.

Cervid Hunting

Please indicate the purpose of your hunting operation by checking all boxes that apply

<u>I. Operation</u>: *Area of hunting operation* refers to the total acreage dedicated to your hunting operation. *Purchase value* refers to the cost per acre for the initial purchase of the land.

<u>II. Facilities</u>: *Capital cost* refers to the overall cost of construction for each of the items listed, including clearing, foundation, electrical, plumbing, etc. *Capital cost of improvements* refers to land clearing, roads, forage, water (well drilling, ponds), etc.

<u>III. Equipment</u>: *Purchase price* refers to the original cost of the equipment at purchase, not an annualized loan payment. *Large equipment* refers to tractors, bobcats, dozers, etc., used in your breeding operation. Please combine all applicable equipment into one figure for lines 1-9.

<u>IV. Supplies</u>: This category relates to final 2005 expenses for supplemental feed, corn, operating, and food and beverage supplies.

<u>V. Labor</u>: This category refers to the labor expense for your hunting operation. Owners, spouses, and children must be accounted for in this category as an employee(s) and in total wages, if paid labor is performed by these individuals. *Total wages paid* refers to annual wages for all employees. Owner/operators must include amount allotted or withdrawn for family living for line 2a. *Annual expense for outsourced services* refers to all additional contracted labor from those not on the payroll, including consulting services, accounting services, legal services, herd survey services, etc.

<u>VI. Utilities</u>: This category refers to the annual utilities expense for electric, phone, water, sewage, refuse disposal, etc., and the annual fuel expense for your hunting operation.

<u>VII. Miscellaneous Expenses</u>: *Annual insurance expense* refers to the yearly cost of auto, property, liability, health, etc. insurance. *Annual advertising/marketing expense* refers to the annual cost of advertising and marketing materials, which includes taxidermy services for display. *Annual travel expense* refers to the annual cost of travel, such as fuel, food, lodging, airfare, etc. *Annual cost of maintenance and repair* refers to all maintenance and repair for facilities, equipment, fencing, roads, etc.

<u>VIII. Hunters</u>: *Total expense* refers to the cost of purchasing, sedating, and transporting cervids for release into hunting operation. *Average processing cost* refers to the cost of processing each harvested cervid. If in-house processing occurs, please provide an accurate estimate of this cost based on local processor costs. *Percent of all harvested seeking taxidermy services* relates to the percentage of all harvested cervids that will have some type of taxidermy service performed, such as a shoulder or full body mount. *Average taxidermy cost, per cervid* allows for the average per cervid expense of this service for the hunter from your local taxidermist.

We thank you in advance for taking the time to complete this survey. Upon completion, please return the survey with the enclosed envelope. Questions or requests for additional surveys may be directed to Brian Frosch at 888-890-5663.

Appendix B: Economic Impact Survey

Economic Impact Survey

Please indicate type of operation

Scientific Breeding Only ☐ **Scientific Breeding and Hunting** ☐ **Hunting only** ☐

Scientific Breeding

Instructions and clarification are provided at the end of this survey. For Hunting only operations, please skip to the hunting section. Include annualized 2005 figures where appropriate.

I. Operation

1. Year started: _____ 2. Area of breeding operation: _____ (acres)
3. Land purchased: _____ (acres) 3a. Purchase value: $_____ (per acre)
4. Land inherited: _____ (acres)

II. Herd Inventory (Final 2005 Inventory)

1. Total number of deer: _____
2. Number of breeder bucks: _____ 3. Number of stocker bucks: _____ 4. Does: _____
5. Fawns, 2005: _____ 5a. Fawning rate (surviving at weaning): _____ (fawns per doe)
6. Fawns, 2006: _____ 6a. Fawning rate (surviving at weaning): _____ (fawns per doe)
7. Annual herd mortality rate (including fawns after weaning): _____ %
8. Annual sales (Final 2005 figures) 9. Annual purchases (Final 2005 figures)

Breeder bucks (#):	Total receipts: $	Breeder bucks (#):	Total cost: $
Stocker bucks (#):	Total receipts: $	Open does (#):	Total cost: $
Open does (#):	Total receipts: $	Bred does (#):	Total cost: $
Bred does (#):	Total receipts: $	Buck fawns (#):	Total cost: $
Buck fawns (#):	Total receipts: $	Doe fawns (#):	Total cost: $
Doe fawns (#):	Total receipts: $	Semen Straws (#):	Total cost: $
Semen Straws (#):	Total receipts: $		

III. Facilities

1. Number of pens: _____ 2. Area of pens: _____ (acres)
3. Capital cost of fencing: $_____ 4. Capital cost of shelters: $_____
5. Capital cost of improvements: $_____
6. Capital cost of buildings: $_____ 7. Capital cost of working pens: $_____
8. Do you have a handling facility? ☐ Yes ☐ No 8a. If yes, capital cost of handling facility: $_____
9. Approximate area of food plots: _____ (acres)
   9a. Annual cost of seed: $_____
   9b. Annual cost of fertilizer: $_____
10. Annual cost of maintenance and repair: $_____

IV. Equipment

1. Purchase price of all large equipment, combined (i.e. tractor + bobcat): $_____
2. Purchase price of all ATV(s), combined: $_____
3. Purchase price of all ranch vehicle(s), combined: $_____
4. Purchase price of all implements, combined: $_____
5. Purchase price of all trailer(s)/transport crate(s), combined: $_____
6. Purchase price of all bulk feed bin(s), combined: $_____
7. Purchase price of all feeding equipment, combined: $_____

Scientific Breeding, continued

8. Purchase price of all watering equipment, combined: $_____
9. Purchase price of all video equipment, combined: $_____
10. Annual cost of rental equipment: $_____
11. Purchase price of semen storage tank(s): $_____
12. Purchase price of dart gun/sedation equipment: $_____

V. Veterinary & Supplies

1. Annual cost of operating supplies: $_____ 2. Annual cost of feed and hay: $_____
3. Annual cost of medical supplies: $_____ 4. Annual veterinary expense: $_____
5. Annual number of sedations: _____ (per doe) 6. Annual number of sedations: _____ (per buck)
7. Average cost per sedation: $_____ 8. Number of does AI'd: _____
9. Number of necropsies performed: _____ 9a. Average cost per necropsy: $_____
10. Number of CWD tests performed: _____ 10a. Average cost per CWD test: $_____
11. Number of deer DNA certified: _____ 11a. Annual cost for DNA certification: $_____

VI. Labor

1. Number of employees: 1a. Paid salary: _____ 1b. Paid hourly: _____
2. Total wages paid: 2a. Salaries: $_____ 2b. Hourly: $_____
3. Annual expense from outsourced services: $_____

VII. Utilities

1. Annual cost of utilities: $_____
2. Annual cost of fuel: $_____

VIII. Miscellaneous Expenses

1. Annual insurance expense: $_____
2. Annual advertising/marketing expense (includes taxidermy services): $_____
3. Annual travel expense: $_____
4. Annual property tax: $_____

IX. Feeding

Fawns

1. Do you bottle feed your fawns? ☐ Yes (continue with 1a-1e) ☐ No (skip to 2)
   1a. If yes, what percent of all fawns? _____% 1b. Average bottle feeding days until weaning: _____
   1c. What product do you use? _____
   1d. Units fed per fawn until weaning: _____ (gal/bags/lbs) 1e. Product price: $_____ (per gal/bag/lb)
2. After weaning: 2a. Approximate daily feed rate: _____ (lbs per fawn) 2b. Feed price: $_____ (per bag/ton)
   2c. Approximate alfalfa/hay daily feed rate: _____ (lbs per fawn) 2d. Alfalfa/hay price: $_____ (per bale)
   2e. Average bale weight: _____lbs

Does

1. Approximate daily feed rate: _____ (lbs per doe) 2. Feed price: $_____ (per bag/ton)
3. Approximate alfalfa/hay daily feed rate: _____ (lbs per doe)

Bucks

1. Approximate daily feed rate: _____ (lbs per buck) 2. Feed price: $_____ (per bag/ton)
3. Approximate alfalfa/hay daily feed rate: _____ (lbs per buck)

Hunting

Instructions and clarification are provided at the end of this survey. For combination Scientific Breeding & Hunting operations, please separate hunting expenses from breeding expenses. Include annualized 2005 figures where appropriate.

What is the purpose of your hunting operation? ☐ Personal use only ☐ Corporate clients, no fee ☐ Paying clients

I. Operation

1. Year started: _____ 2. Area of hunting operation: _____ (acres)
3. Land purchased: _____ (acres) 3a. Purchase value: $_____ (per acre)
4. Land inherited: _____ (acres)

II. Facilities

1. Capital cost of lodge(s): $_____
2. Capital cost of fencing: $_____
3. Capital cost of improvements: $_____
4. Capital cost of buildings: $_____
5. Annual cost of maintenance and repair: $_____
6. Approximate area of food plots: _____ (acres)
   6a. Annual cost of seed: $_____
   6b. Annual cost of fertilizer: $_____

III. Equipment

1. Purchase price of all large equipment combined (i.e. tractor + bobcat): $_____
2. Purchase price of all ATV(s), combined: $_____
3. Purchase price of all ranch vehicle(s), combined: $_____
4. Purchase price of all implements, combined: $_____
5. Purchase price of all trailer(s)/transport crate(s), combined: $_____
6. Purchase price of all bulk feed bin(s), combined: $_____
7. Purchase price of all feeding equipment, combined: $_____
8. Purchase price of all watering equipment, combined: $_____
9. Purchase price of all video equipment, combined: $_____
10. Annual cost of rental equipment: $_____
11. Purchase price of dart gun/sedation equipment: $_____
12. Purchase price of cooler/freezer equipment: $_____
13. Purchase price of other equipment: $_____

IV. Supplies

1. Annual amount of protein feed purchased: _____ (tons) 1a. Protein feed unit price: $_____ (per bag/ton)
2. Annual amount of corn purchased: _____ (tons) 2a. Corn unit price: $_____ (per bag/ton)
3. Annual cost of operating supplies for lodge: $_____
4. Annual cost of food and beverages for lodge: $_____

V. Labor

1. Number of employees: 1a. Salary: _____ 1b. Hourly: _____
2. Total wages paid: 2a. Salaries: $_____ 2b. Hourly: $_____
3. Annual expense from outsourced services: $_____

Hunting, continued

VI. Utilities

1. Annual cost of utilities: $_____
2. Annual cost of fuel: $_____

VII. Miscellaneous Expenses

1. Annual insurance expense: $_____
2. Annual advertising/marketing expense (includes taxidermy services): $_____
3. Annual travel expenses: $_____
4. Annual property tax: $_____
5. Other annual miscellaneous expenses: $_____

VIII. Hunters

1. Annual number of hunters: _____
2. Total annual deer harvest: _____
3. Approximate total number of deer in hunting area: _____
   3a. Approximate percentage of total deer in the hunting area that are from breeding: _____
4. Annual number of stocker bucks released from breeding operation into hunting operation: _____
5. Annual number of does released from breeding operation into hunting operation: _____
6. Annual number of stocker bucks purchased for release into hunting operation: _____
   6a. Total expense: $_____
7. Annual number of does purchased for release: _____
   7a. Total expense: $_____
8. Annual number of does harvested: _____
   8a. Total receipts from doe hunts: $_____
9. Annual number of management bucks harvested: _____
   9a. Total receipts from management buck hunts: $_____
10. Annual number of trophy bucks harvested: _____
    10a. Total receipts from trophy buck hunts: $_____
11. Average processing cost: $_____ (per deer)
12. Approximate percentage of harvested bucks seeking taxidermy services: _____%
13. Average taxidermy cost: $_____ (per deer)

APPENDIX

Economic Impact Survey
Texas Deer Association Members

****All information collected in this survey will remain <u>confidential</u>****

Survey Instructions

1. This survey is to be completed by scientific breeding operations, combination scientific breeding and hunting operations, and hunting operations that utilize outside scientific breeding operations as a genetic supplement for their deer herd. All other industry participants may disregard this survey.
2. For the sections and categories below, please provide annualized 2005 records of actual or accurate estimates of expenditures rather than a range estimate of expenditures.
3. For those who have multiple facilities under separate permits (uniquely identified), please contact us for additional surveys for each operation.
4. **It is important to separate records for each facility, and between hunting and breeding operations. Contact us for additional surveys if you have multiple permitted breeding and/or hunting operations.**
5. **It is also important to use the provided categories for records for each section, rather than combining records from breeding and hunting operations and submitting that in a breeding or hunting category. Please provide an accurate estimate when your records do not match these categories.**
6. If a question does not apply to your operation, please indicate this with an "N/A" response.
7. Please indicate units (lbs, tons, gals, etc.) where applicable.
8. For further explanation of general and selected lines of the survey, please refer to the information below.

Scientific Breeding

<u>I. Operation</u>: *Area of breeding operation* refers to the total acreage dedicated to your breeding operation. *Purchase value* refers to the cost per acre for the initial purchase of the land.

<u>II. Herd Inventory</u>: This category refers to your herd inventory, fawning rate, purchases and sales towards your inventory for 2005, and number the of fawns born and fawning rate for 2006. *Annual herd mortality rate* refers to the annual mortality loss on the total breeding herd, including loss of fawns after weaning. *Fawning rate* refers to the number of surviving fawns born per doe, specifically, the total number of live fawns at weaning divided by the total number of bred does (i.e. 0.7, 1.5, 2.3, etc.).

<u>III. Facilities</u>: *Area of pens* refers to the total acreage enclosed by all pens combined. *Capital cost* refers to the overall cost of construction for each of the items listed, including clearing, foundation, electrical, plumbing, etc. *Capital cost of improvements* refers to land clearing, roads, forage, water (well drilling, ponds), etc. *Annual cost of maintenance and repair* refers to all maintenance and repair for facilities, equipment, fencing, roads, etc.

<u>IV. Equipment</u>: *Purchase price* refers to the original cost of the equipment at purchase, not an annualized loan payment. *Large equipment* refers to tractors, bobcats, dozers, etc., used in your breeding operation. Please combine all applicable equipment into one figure for lines 1-9.

<u>V. Veterinary & Supplies</u>: *Annual cost of operating supplies* refers to the yearly expense for all operating supplies, such as office supplies, sedation supplies, AI supplies, etc. *Annual cost of medical supplies* refers to the yearly expense for medicine, syringes, etc. *Annual number of sedations* refers to the average annual number of sedations on a per doe/buck basis. *Average cost per sedation* refers to the average expense of supplies and labor to sedate or dart a deer. *Number of necropsies performed* refers to the number of post mortality veterinary examinations performed to determine the cause of death. *Average cost per necropsy* refers to the average labor and labwork expense of performing a necropsy on a single deer. *Average cost per CWD test* refers to the average labor and labwork expense of performing a CWD test.

<u>VI. Labor</u>: This category refers to the labor expense for your breeding operation. Owners, spouses, and children must be accounted for in this category as an employee(s) and in total wages, if labor is performed by these individuals. *Total wages paid* refers to annual wages for all employees. Owner/operators must include amount allotted or withdrawn for family living for line 2a. *Annual expense from outsourced services* refers to all additional contracted labor from those not on the payroll, including consulting services, accounting services, legal services, herd survey services, etc.

<u>VII. Utilities</u>: This category refers to the annual utilities expense for the annual electric, phone, water, sewage, refuse disposal, etc., and the annual fuel expense for breeding operations.

<u>VIII. Miscellaneous Expenses</u>: *Annual insurance expense* refers to the yearly cost of auto, property, liability, health, etc. insurance. *Annual advertising/marketing expense* refers to the annual cost of advertising and marketing materials, which includes taxidermy services for genetic display (horn molds or shed mounts, or deceased buck mounts). *Annual travel expense* refers to the annual cost of travel, such as fuel, food, lodging, airfare, etc.

<u>IX. Feeding</u>: This category relates to feeding rates for fawns, bucks, and does. For those who bottle feed fawns, please indicate the percent of all fawns that are bottle fed, number of days of bottle feeding until weaning, the product used (i.e. goat milk, milk replacer, etc.), units of this product used per fawn until weaning, the per unit product price (please indicate units-gal, bags, lbs).

Hunting

<u>I. Operation</u>: *Area of hunting operation* refers to the total acreage dedicated to your hunting operation. *Purchase value* refers to the cost per acre for the initial purchase of the land.

<u>II. Facilities</u>: *Capital cost* refers to the overall cost of construction for each of the items listed, including clearing, foundation, electrical, plumbing, etc. *Capital cost of improvements* refers to land clearing, roads, forage, water (well drilling, ponds), etc. *Annual cost of maintenance and repair* refers to all maintenance and repair for facilities, equipment, fencing, roads, etc.

<u>III. Equipment</u>: *Purchase price* refers to the original cost of the equipment at purchase, not an annualized loan payment. *Large equipment* refers to tractors, bobcats, dozers, etc., used in your breeding operation. Please combine all applicable equipment into one figure for lines 1-9.

<u>IV. Supplies</u>: This category relates to supplemental feed, corn, operating, food, and beverage supplies for hunting operations on an annualized basis.

<u>V. Labor</u>: This category refers to the labor expense for your breeding operation. Owners, spouses, and children must be accounted for in this category as an employee(s) and in total wages, if labor is performed by these individuals. *Total wages paid* refers to annual wages for all employees. Owner/operators must include amount allotted or withdrawn for family living for line 2a. *Annual expense for outsourced services* refers to all additional contracted labor from those not on the payroll, including consulting services, accounting services, legal services, herd survey services, etc.

<u>VI. Utilities</u>: This category refers to the annual utilities expense for the annual electric, phone, water, sewage, refuse disposal, etc., and the annual fuel expense for hunting operations.

<u>VII. Miscellaneous Expenses</u>: *Annual insurance expense* refers to the yearly cost of auto, property, liability, health, etc. insurance. *Annual advertising/marketing expense* refers to the annual cost of advertising and marketing materials, which includes taxidermy services for display. *Annual travel expense* refers to the annual cost of travel, such as fuel, food, lodging, airfare, etc.

<u>VIII. Hunters</u>: This category relates to the annual number of hunters, number of deer harvested, number of deer purchased and/or released into hunting operation, and the expenses and receipts from hunting. *Total expense* in lines 6a & 7a refer to the cost of purchasing, sedating, and transporting deer for release into hunting operation. *Average processing cost* refers to the cost of processing each harvested deer. If it is processed in-house, please provide an accurate estimate of this cost from based on local processor costs. Line 12 relates to the percentage of harvested deer that will have some type of taxidermy service performed, such as a shoulder or full body mount. Line 13 allows for the average per deer expense of this service for the hunter.

We thank you in advance for taking the time to complete this survey. Upon completion, please return the survey with the enclosed envelope no later than November 10th. Questions or requests for additional surveys may also be directed to Brian Frosch at 888-890-5663.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated the proposed amendment would prohibit the shipment or transportation of big game species to or from Missouri

destinations, with certain exceptions. It gives the Missouri Conservation Commission primary authority over the regulation of privately owned big game species, including rulemaking authority. It also states that confined big game killing or the owning, possessing, confining, transporting, breeding or raising of privately owned big game species shall not be construed as hunting, farming or ranching for any purpose under the Constitution or any law. Information or data related to any program related to diseases of big game species is considered a public record and subject to disclosure.

Budget and Planning defers to the Missouri Conservation Commission for an estimate of the proposal's fiscal impact on the Commission or the Missouri Department of Conservation (MDC). Budget and Planning also defers to the Missouri Department of Agriculture (MDA) for an estimate of the proposal's potential fiscal impact on MDA. Budget and Planning does not have sufficient information to estimate the potential fiscal impact the proposal may have on state or local government revenues derived from practices that would be regulated, restricted, or prohibited under the proposal.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated the proposed amendment proposed in this petition will have no fiscal impact on their city.

Officials from **Metropolitan Community College** indicated no anticipated fiscal impact for their college.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will not have a fiscal impact on their university.

Officials from the **Metropolitan Zoological Park and Museum District** indicated they do not believe this initiative petition will have a financial impact on their district.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, University of Missouri, St. Louis Community College, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** and the **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

State governmental impact is unknown. Local governmental entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 29, 2017

RECEIVED
MAR 2 9 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Marc Ellinger regarding a proposed constitutional amendment to Article IV, version 2 (2018-187)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Marc Ellinger on March 28, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
MAR 28 2017
MO. SECRETARY OF STATE

(Official Ballot title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article IV is amended by adding one new section to be known as Section 40(c), to read as follows:

40(c). 1. The provisions of Section 40(c) shall be known as the Fair Chase Amendment, and its purpose is to prohibit confined big game killing in Missouri. It shall be the public policy of this state to protect the health of Missouri's livestock and wildlife by changing the requirements related to captive big game species. Confined big game killing does not provide any food, energy, health benefits or security to Missouri and presents significant threats to the safety, health and welfare of wildlife across Missouri. Confined big game killing, or owning, confining, transporting or possessing big game species for any purpose shall not be construed as hunting, farming or ranching for any purpose under this Constitution or any law.

2. No person shall engage in confined big game killing, except: any person with a valid permit in effect on November 6, 2018. Such person may renew such permit up to and through November 7, 2021, at which time all such permits shall expire and thereafter all confined big game killing shall be prohibited without exception.

3. In addition to the authority vested in it by Section 40(a) of Article IV, the Missouri Conservation Commission shall have primary authority over the regulation of privately-owned big game species, but excluding bison not raised, bred or held for confined big game killing. The Missouri Conservation Commission may make such rules and regulations as may be deemed necessary for the enforcement of this Amendment.

4. Information or data in either paper or electronic form regarding any voluntary or mandatory program related to diseases of big game species shall be considered a public record and subject to disclosure except as or expressly permitted or required to be closed by federal law or this constitution.

5. Definitions.

a. "Big game species" shall not include any livestock as defined in this Amendment and shall include all of the following animals, either as live animals or embryos, ova or semen: (a) all cervids and cervid hybrids including but not limited to white-tailed deer, elk, mule deer, red deer, fallow deer, sika deer and moose; (b) mountain goats, bighorn sheep, Dall's sheep, pronghorn, peccary, and javelina; and (c) any ungulate (hooved animal) confined or bred primarily for confined big game killing.

b. "Confined big game killing" shall mean an act in which an owner, operator or agent of a big game preserve obtains fees or other remuneration from another person for the killing or attempted killing of privately-owned big game species confined in or released from any man-made enclosure designed to prevent escape, but shall not include any act of a government employee or agent to control an animal population, to prevent or control diseases, or when government action is otherwise required or authorized by law.

c. "Livestock" as used in this Amendment, shall mean cattle, fully domesticated swine, fully domesticated sheep, fully domesticated goats, fully domesticated bison, fully domesticated ratite birds, fully domesticated rabbits, and fully domesticated horses, donkeys, mules, alpacas and llamas, where such fully domesticated animals are raised for human use or consumption and not for uses regulated by the Missouri Conservation Commission. Livestock shall also include semen or ova of any designated animal in this definition.

d. "Big game preserve" shall mean a facility confining privately-owned big game species via escape-resistant fencing which reduces the ability of such privately-owned big game species to evade or escape pursuit.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-187)

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article IV. (Received March 29, 2017)

Date

April 18, 2017

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** the **Missouri Joint Municipal Electric Utility Commission,** and **Metropolitan Zoological Park and Museum District**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated this initiative petition will have a substantial negative impact on the cervid industry in Missouri.

The Agricultural and Food Policy Center at Texas A&M University conducted an economic impact study of the United States cervid farming industry in 2007 (attached) based on a survey of the deer farms in Texas and the elk producers located throughout the United States.

Based on the values provided by the Texas A&M study, and an estimated 225 cervid producers in Missouri, the industry has an estimated direct annual economic impact in Missouri of approximately $98 million. The number of people employed in the cervid industry in Missouri is estimated to be approximately 1,150 individuals. In addition, based on the study and 2007 property tax rates, the cervid industry pays approximately $700,000 annually in local property taxes.

They included the following information on the economic impact of the United States cervid farming industry:

ECONOMIC IMPACT OF THE UNITED STATES CERVID FARMING INDUSTRY

Agricultural and Food Policy Center
Texas A&M University

August 2007

AFPC

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Texas Agricultural Experiment Station
Texas Cooperative Extension
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Acknowledgements

In no way could the study have been completed without the outstanding efforts of the members and leadership of both the North American Deer Farmers Association (NADeFA®) and the Texas Deer Association (TDA). We truly appreciate all of the members who took the time to complete and return the survey. In addition, we sincerely thank all of those who took time out of their schedules to educate us and let us see your operations first hand. Specifically, from NADeFA®: Fred Huebner, Holly Johnson, Glenn Dice, Julie Getschmann, and Shelly Burns. From the TDA: Scott Bugai, Dick Cain, and Lisa Barton. The following people and operations: Robert Williams of RW Trophy Ranch, Buddy Jordan of Indian Creek Ranch, Trophy Ridge Ranch (Dick Cain), Buck Naked Trophy Whitetails (Scott Bugai), Stephen Frisina of Celebrity Ranch, Tom Malouf of Malouf's Trophy Whitetails, Robert Gegenheimer of Cotton Mesa, Dave McQuaig of Cougar Ridge Whitetails, Mike Hine of Timberghost Ranch, Pat Cooper, Russ Walk of Walk's Whitetails, Dean Borntrager of Sundance Whitetails, Levi Mast of Mast's Whitetails, Dave Griffith of Griffith Brothers Whitetail Ridge, and Tim Tague and Doug Berty of Double T Ranch.

ECONOMIC IMPACT OF THE UNITED STATES CERVID FARMING INDUSTRY

David P. Anderson
Brian J. Frosch
Joe L. Outlaw

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APFC Research Report 07-4

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Executive Summary

- The cervid farming industry is, perhaps, the fastest growing industry in rural America.
- Over 2,000 industry participants were surveyed, with a response rate of 14 percent.
- This survey, designed to estimate the economic impact of the industry, was performed in late 2006-early 2007.
- The average whitetail deer farm had 82 deer, composed of 28 males, 28 females, 26 fawns, and had an average birth rate of 1.31 fawns per doe in 2006.
- Breeding operations reported expenditures averaging $101,000 per year.
- The cervid farming industry has a direct economic impact of $893.5 million.
- When incorporating the indirect impacts of the industry, for example, the farm's expenditures on feed, veterinary supplies, fuel and other purchases, the total economic impact of the industry is $2.3 billion.
- One of the major customers of this industry is hunters. Estimating the impact of hunting dollars spent, with hunters as the consumer of cervid farming products, an additional $757 million is generated by the cervid farming industry.
- The total impact of the industry, combining the farming and hunting components, is $3.0 billion annually.
- The economic activity of the cervid farming industry supports 29,199 jobs, most of which are in rural America. If this industry did not exist, those jobs would have to be supported by some other economic activity.
- These results highlight the fact that the cervid farming industry is a growing and important industry in rural America.

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Introduction

The cervid, or deer, farming industry is a vital and growing business in rural areas of the United States. As demographic and market forces tend to shift traditional revenue sources away from rural communities, their economies increasingly rely on new industries such as this one. As the industry has grown, participants and legislators have developed an interest in measuring the economic contribution of the industry on their respective communities. In addition, the industry is governed by a myriad of state and federal laws, regulations, and jurisdictions. Since the majority of industry regulation is left up to the states, a significant amount of variability in the regulations exists from state to state. This lack of consistency in laws and regulations may be a factor affecting future industry growth in some states. The rapid growth of the industry and an array of policy issues led the industry to request this study of the size and economic importance of the cervid farming industry. In 2006, the Agricultural and Food Policy Center (AFPC) at Texas A&M University was requested by former Texas Congressman Henry Bonilla to undertake this study. The primary objective of this study is to determine the economic impact of the United States cervid farming industry. Secondary objectives include providing a current description of typical industry participants and cost estimates for the major categories of expenses on cervid farming operations.

Cervid Industry

The term "cervid" refers to any one of the various members of the cervidae family. This family includes members such as whitetail deer, elk, fallow, reindeer, axis, sika, and red deer among others.[1]

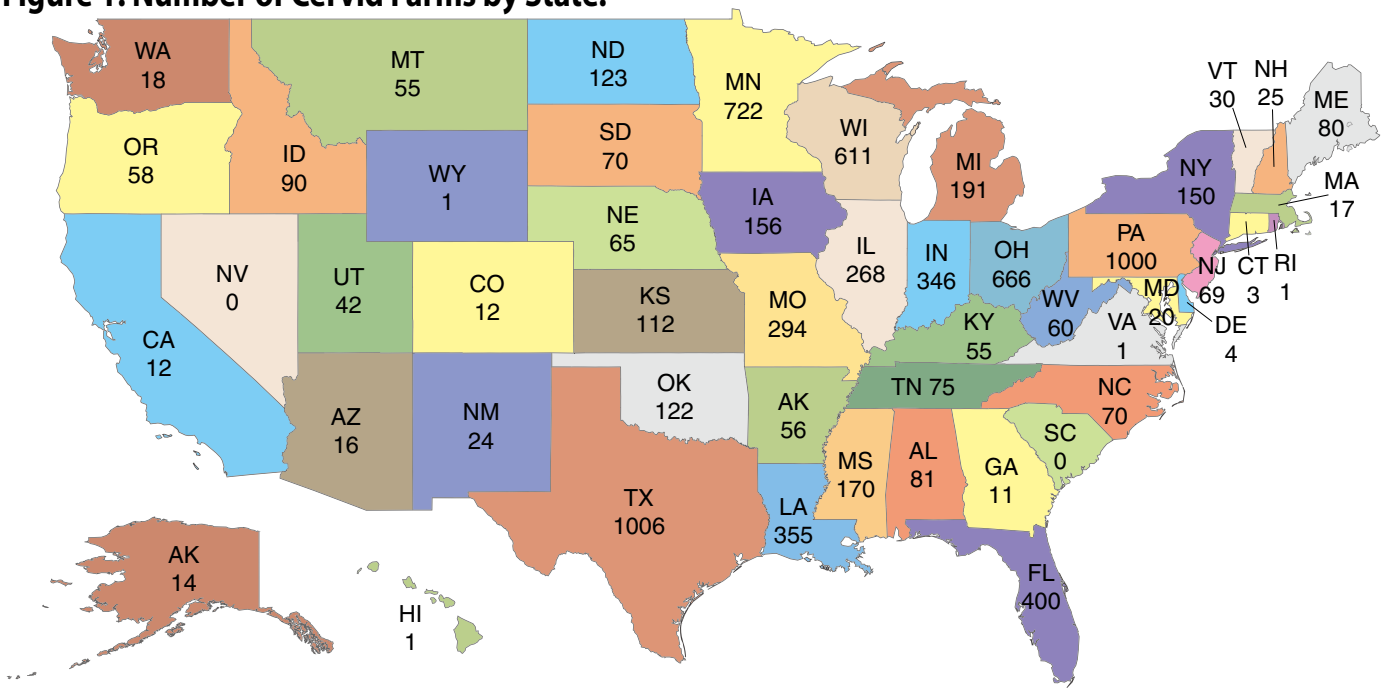
Like any industry, the cervid farming industry involves producers and consumers. In general, the production side of the industry is comprised of breeding stock producers, trophy hunting preserves, commercial venison producers, and commercial scent collection. Some commercial production operations may take on a single segment, such as one producing and selling only breeding stock. Others may consist of any combination of these, such as an operation producing venison and velvet, while also collecting urine for scent sales. Consumers of the industry include hunters (for scent products and hunting) other breeders, and consumers of venison and related products (hides, velvet, shed antlers, etc.).

Figure 1 displays the estimated number of cervid farms per state. This inventory was compiled by the administrative staff at the North American Deer Farmers Association (NADeFA®) through contact with the appropriate state agency. Those states that did not have an exact count provided their best estimate. Across the nation, the total number of cervid farms was 7,828, with Pennsylvania and Texas home to around 1,000 farms each. The total number of hunting preserves is estimated at 2,639, yet this only represents an estimate of those that are related to the cervid farming industry. As an example of the growth the cervid farming industry is experiencing, there were 946 permitted breeding facilities in Texas in late summer 2006. However, when the analysis took place early in the spring of 2007, there were 1,006 permitted facilities. In addition, it is important to note that there are approximately 1,600 Amish operations included in the national total. For many in the Amish communities, deer breeding is another way to diversify their operations. A number of industry participants find that this form of farming provides an opportunity to turn a greater profit on a relatively small amount of acreage than traditional farming or ranching enterprises.

The trophy hunting segment of this industry relates only to those operations that purchase outright or release their own cervids into a hunting preserve. This segment represents the primary end market for the breeding stock industry. Trophy hunting, in this sense, involves hunting trophy cervids within high fenced hunting preserves. This generally occurs via 3-6 day hunt packages, where the hunter is provided lodging, meals, and a guided hunt for a set fee. Hunter expenditures included in this study only include those hunters that are related to this industry. In other words, hunters, in the context of this study, are only those that hunt at operations that either purchase or release deer from breeding operations into their hunting operations. Breeding operations represent the largest segment of the cervid farming industry. These operations raise and sell breeding stock to other industry breeders as well as hunting preserves. The commercial venison segment is similar to other food animal production operations, with fallow, elk, and red deer being the primary species reared. Cervids are raised to market age, processed, and the resulting venison is sold. In addition to venison, these operations may sell other co-products such as velvet, hides, and antlers. The last segment is the commercial urine, or scent, collection operations. These operations are found to stand alone or co-exist with other operational segments, where the urine is collected from males and females to sell as a hunting attractant.

[1] "Cervid." The American Heritage® Science Dictionary. Houghton Mifflin Company. 20 Jul. 2007. Dictionary.com http://dictionary.reference.com/browse/cervid

Figure 1: Number of Cervid Farms by State.



Methodology

As previously mentioned, the primary objective of this study is to estimate the economic impact of the United States cervid farming industry. In order to do this, a survey instrument was developed to collect detailed operational information from industry participants. This information was then combined with the inventory of cervid farms to analyze the production side of the industry. In addition, an analysis was performed to determine the impact of hunters, but only the portion of hunters who are related to the cervid farming industry. The production and hunting components were then combined to estimate the economic impact of the cervid farming industry.

Data Collection

During the late summer and early fall of 2006, background information to develop the survey was gained through site visits to cervid farms across the nation. Interviews from these visits provided a base set of information that was then utilized to develop the survey instrument. The survey was then reviewed by industry participants, revised, and sent to over 700 members of NADeFA® and 1,300 members of the Texas Deer Association (TDA) over the fall of 2006 to early 2007. Overall, the extensive survey achieved a response rate of 14 percent. These memberships were selected to participate in this study because they represent all facets of the cervid farming industry.

Survey Development

The actual survey instruments are contained in Appendix A (NADeFA®) and Appendix B (TDA). For the purposes of the survey, the cervid farming industry was segmented into three operational structures: breeding only, breeding and hunting, and hunting only operations. Breeding only operations were defined as those that only involve the scientific breeding and rearing of cervids for the purpose(s) of breeding stock, commercial venison, or commercial urine collection. Hunting only operations relate to only those hunting preserves that purchase cervids from breeding operations as stockers or as breeding stock for release into the preserve. Operations that manage their deer populations by selective harvest and nutritional supplements, rather than supplementing the natural genetics with deer released from breeding operations, are not included in this category. Breeding and hunting operations represent those that engage in breeding activities while also utilizing their own breeding stock, or purchased breeding stock, to supplement the genetics and/or populate their hunting preserve.

While a majority of the industry are whitetail deer producers, a variety of cervid species are raised as well, including elk, red deer, mule deer, sika, pere david's, reindeer, axis, fallow, and muntjak. The surveys proved to be quite extensive, as they were designed to represent producers of all of these cervid species and operational segments. For breeding operations, the survey included questions regarding the operation in general, herd inventory, purchases, sales, capital expenditures, veterinary expenditures, labor, feeding rates and expenditures, utilities, and other miscellaneous expenses. For hunting operations, the base operational questions remained the same, however, hunting related questions were included as well, such as the number of hunters, harvest rate, percentage of herd from breeding operations, hunt revenues, processing, and taxidermy.

Figure 2: Typical Fenced Paddock.

Survey Results

General Operations

Of the 302 respondents, 61 percent were breeding only operations, 32 percent were breeding and hunting operations, and 7 percent were hunting only operations. Respondents represented 26 of the 48 states that have some type of cervid operation. When combining all survey respondents, operations have been in business, on average, since 1999.

From the NADeFA® survey results, the average whitetail deer breeding operation reported a total of 82 deer, on close to 25 acres. Of these, 28 were bucks, 28 were does, and 26 were fawns. In 2005, bred does had an average of 1.24 fawns each, which increased to 1.31 for the 2006 fawning season. Average annual mortality rate was reported to be 9.6 percent. For comparison, whitetail breeding operations from the Texas survey were slightly larger, averaging 114 head, on a little more than 64 acres. Of these, 42 were bucks, 44 were does, with the remainder being fawns. Bred does averaged 1.27 fawns each in 2005 and 1.37 in 2006, slightly higher than the national results. Overall herd mortality rate was reported to be 5.7 percent.

Table 1 above contains a summary of the average operational costs across all survey respondents. A quick glance through the table reveals expected differences across operations for general expenditures. Breeding and hunting operations displayed the largest footprint, around 1,700 acres, as expected. Breeding only operations were the smallest, averaging around 20 acres in pens. Pens, in this sense, are typically described as a high fenced paddock, as shown in Figure 2. For those pens holding bucks or bulls, a protective screening is often used in conjunction with the fence to keep an antler from hooking in the fence accidentally. In addition, screening may be used as a visual barrier, particularly if the operation is near a road, to shield the deer from view from passers-by.

Breeding and hunting operations had more area devoted to breeding pens, more pens overall, and more deer (Table 2) than breeding only operations. This was expected as the breeding and hunting operations supply their hunting operation from their breeding operation, and are not necessarily relying on sales or transfers to move deer off the operation.

The results indicate expenditures on lodges, fencing, and improvements were the top three in terms of the capital cost for both breeding and hunting and hunting only operations, while breeding operations spent the most on fencing, buildings, and improvements. The category of improvements includes expenditures on land clearing, roads, tanks/ponds, and forage development among others. Large equipment, ranch vehicles, and implements were reported as the highest equipment expenditures across all three types of operations. Of all the respondents, 49 percent reported hiring labor, while 43 percent reported outsourcing labor and/or consulting needs. Breeding and hunting operations reported using four times the amount of outsourced services than breeding only operations, or $16,456 versus $4,042. Examples of outsourced services include those of operational management and or nutritional consulting, bottle feeding services for newborns, annual herd maintenance/vaccination services, and accounting services.

Figure 3 provides a summary of expenditures for a typical breeding operation. Survey categories, such as those shown in Table 1, were combined into four primary expense categories: capital, operational, feed, and general. Figure 3 illustrates the annual expenses for breeding operations. Operational expenditures include items such as supplies, labor,

Figure 3: Annual Breeding Operation Expenditures.

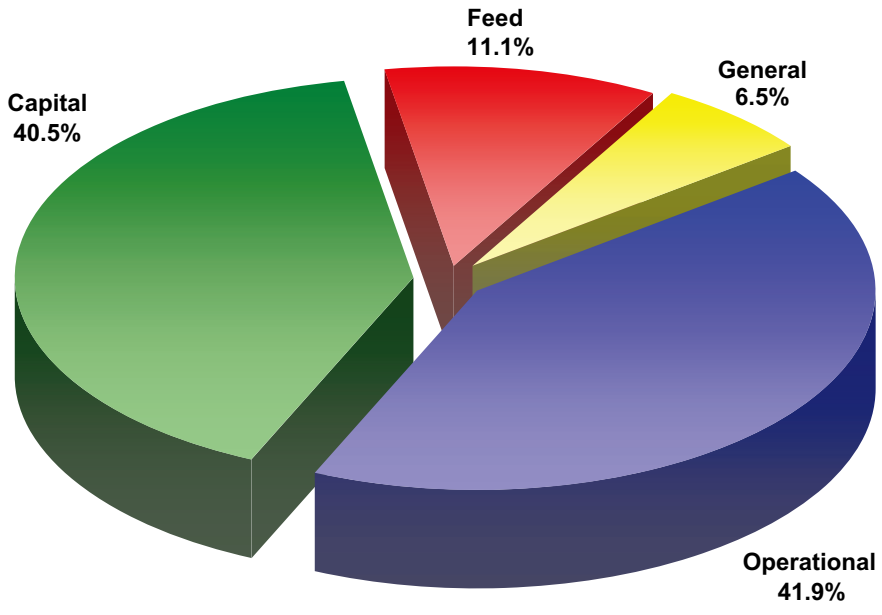


Table 1: Average Annual Operational Costs of Cervid Industry Survey Respondents.

(in dollars)	Breeding Only	Breeding & Hunting	Hunting Only
Operation			
Year started	1999	1998	1998
Area of breeding (acres)	22	80	NA
Area of hunting (acres)	NA	1,639	1,123
Land purchased (acres)	139	895	1,022
Purchase value ($/ac)	3,166	1,729	1,407
Facilities			
Capital cost of lodge(s)	NA	172,673	159,326
Number of pens	8	13	NA
Area of pens (acres)	20	25	NA
Fencing	27,201	144,039	94,592
Shelters	6,980	14,479	NA
Improvements	17,270	81,750	63,507
Buildings	19,693	80,262	55,961
Working pens	10,336	18,366	NA
Percent with Handling Facility	64%	54%	NA
Cost of Handling Facility	15,627	36,502	NA
Maintenance and Repair	2,907	18,731	12,143
Equipment			
Large equipment	33,009	93,268	61,665
ATV(s)	9,325	19,841	14,391
Ranch vehicles	29,422	55,470	37,208
Implements	9,578	26,510	20,038
Trailers/crates	6,300	14,421	9,228
Bulk feed bins	4,045	13,063	7,490
Feeding equpment	3,667	16,759	9,497
Watering equipment	2,398	9,413	9,046
Video equipment	1,916	3,473	2,003
Rental equipment	1,184	4,716	3,424
Sedation equipment	1,178	1,778	NA
Veterinary & Supplies			
Operating supplies	3,557	5,560	NA
Medical supplies	1,675	2,674	NA
Veterinary expense	2,257	4,121	NA
Lodge supplies	NA	5,237	5,183
Lodge food and beverages	NA	5,021	5,023
Labor			
Employees paid salary	2	2	2
Employees paid hourly	2	3	2
Total salary wages paid	35,613	65,801	39,608
Average annual salary wage expense	23,667	28,985	22,134
Total hourly wage paid	8,398	26,805	13,689
Average annual hourly wage expense	5,522	9,856	9,468
Outsourced services	4,042	16,456	12,097
Utilities			
Utilities	1,618	7,551	4,535
Fuel	2,103	10,070	5,104
Miscellaneous Expenses			
Insurance	1,915	5,916	3,663
Advertising/marketing	2,322	8,097	6,103
Travel	2,353	6,308	3,864
Property tax	2,473	6,564	4,068

utilities, insurance, advertising, and travel. Capital expenses refer to annualized capital costs for items such as land, improvements, fencing, buildings, breeding stock, feeding equipment, ATV's, and implements. Feed refers to the annual feed costs, including supplemental feed, hay, and bottle feeding supplies. Lastly, General costs cover the remainder of expenditures on items such as food plots, artificial insemination, veterinary, and disease monitoring.

Production

Table 2 contains a summary of production data across all respondents. Feed represents a little over 11 percent of total annual expenditures for breeding operations. From venison production to breeding stock operations, proper nutrition is essential to the physical health, development, and overall well being of all cervids. For breeding only operations with whitetails, 53 percent of respondents indicated bottle feeding their fawns, while only 29 percent of breeding and

Table 2: Average Production Data of Cervid Industry Survey Respondents.

	Breeding Only	Breeding & Hunting
Herd Inventory (Final 2005)		
Whitetail		
Males	21	49
Females	25	51
Fawns	23	48
Birth rate (2005)	1.3	1.2
Birth rate (2006)	1.4	1.3
Annual Mortality Rate	8%	7%
Elk		
Males	18	12
Females	24	9
Fawns	16	3
Fallow		
Males	43	3
Females	94	4
Fawns	50	*
Red Deer		
Males	46	47
Females	57	66
Fawns	35	27
Feeding		
Whitetail		
Fawns		
Percent bottle feeding	53%	29%
Percent of fawns bottle fed	53%	44%
Average bottle feeding days until weaning	98	91
After weaning		
Daily protein feed rate (lbs)	2	2
Daily hay feed rate (lbs)	1	1
Does		
Daily protein feed rate (lbs)	3	3
Daily hay feed rate (lbs)	2	1
Bucks		
Daily protein feed rate (lbs)	4	4
Daily hay feed rate (lbs)	2	2
Elk		
Males		
Daily protein feed rate (lbs)	6	6
Daily hay feed rate (lbs)	10	10
Females		
Daily protein feed rate (lbs)	4	7
Daily hay feed rate (lbs)	10	10
Fallow		
Males		
Daily protein feed rate (lbs)	0.4	2
Daily hay feed rate (lbs)	4	*
Females		
Daily protein feed rate (lbs)	0.3	2
Daily hay feed rate (lbs)	4	*
Red Deer		
Males		
Daily protein feed rate (lbs)	5	3
Daily hay feed rate (lbs)	7	3
Females		
Daily protein feed rate (lbs)	4	3
Daily hay feed rate (lbs)	6	3
Area of food plots (acres)	14	47
Seed	813	2,560
Fertilizer	1,011	2,777
Protien feed price (per ton)	318	305
Hay price (per ton)	193	268

* Insufficient results

hunting operations did. Of all species, bottle feeding is primarily practiced with whitetail fawns. Other species will not typically incur such management practices, where bottle feeding may only be utilized for orphaned or sick young.

On average, adult whitetail males were fed close to 4 pounds of supplemental feed per day, while elk consumed slightly over 6 pounds. All of the reported species were fed a protein concentrate and hay. Hay costs were extremely high during the study period due to severe drought conditions across most of the southern plains. In addition to purchased feed, 74 percent of all respondents reported planting food plots on their operations, ranging from half an acre to 500 acres.

When combining results, 70 percent of all breeding or breeding and hunting operation respondents indicated some type of breeding stock purchase. This would include purchases of breeder males, stocker males, bred females, open females, fawns, or semen straws. For whitetail, breeder bucks were the highest dollar expense, costing close to $21,000 each on average.

Hunting Operations

Operations with hunting reported other expenses in addition to those of breeding operations. Seventy-six percent of all respondents of operations that reported to be involved in hunting had a lodge on the premises for their clients. In addition to the roughly $170,000 cost of the lodge, these operations also accrued expenses to maintain and supply the lodge. Labor costs were reported to be higher than those of breeding operations due to an overall larger operation, as well as seasonal hunting guides. Food plots in the hunting areas tended to be larger, along with more feeders, waterers, and fencing, all contributing to the higher reported expenses. Although the majority of hunting operations accepted paying clients and corporate clients, 14 percent reported their hunting operation as personal use only. Of the whitetail hunting operations reporting, respondents estimated an average of 49 percent of the deer in their hunting areas are from breeding operations. Of all the respondents, 49 percent reported hiring labor, while 43 percent reported outsourcing labor and/or consulting needs. For breeding operations, those hiring salaried employees reported an annual expense in the mid $20,000 range. This expense increased to the mid $30,000 range for breeding and hunting operations. On the whole, labor hired on an hourly basis tended to be more prevalent than salaried labor.

Feed was the third largest expense category, representing a little over 11 percent of annual expenditures for breeding operations. Although it's not the largest expense category, feeding is considered to be one of the most important aspects of all operations. From venison production to breeding stock operations, proper nutrition is essential to the physical health, development, and overall well being of all cervid operations. For fawns, 45 percent of respondents indicated bottle feeding their young. Typical products used for bottle feeding ranged from goat's milk to different brands of milk replacer. On average, adult whitetail males were fed close to 4 pounds of supplemental feed per day, while elk consumed slightly over 6 pounds. Respondents indicated paying a little over $300 per ton for supplemental feed, while hay costs averaged around $240 per ton. In addition to purchased feed, 74 percent of all respondents reported planting food plots on their operations, ranging from half an acre to 500 acres.

Economic Impact

IMPLAN® (Impact Analysis for Planning), an input/output model, was used to estimate the economic impact of the cervid farming industry on the national economy. Originally developed by the USDA Forest Service, the IMPLAN model is now managed and maintained by the Minnesota IMPLAN Group (MIG). The model is, arguably, the most used and cited model for performing economic impact analyses in the United States.

The IMPLAN model is driven by purchases of final goods and services in a certain region, such as a state, a group of states, or the entire nation. These purchases represent the dollar value of the increase in finished goods and services demanded, and create an impact that ripples throughout the economy.

Industries produce goods and services for final use and purchase goods and services from other industries. These other producers and industries buy goods and services as well, which IMPLAN designates as indirect purchases. In addition, each step along the cycle pays wages and salaries to employees, who, in turn, make additional expenditures into the economy of the region.[2]

In determining the overall economic impact of an industry, the IMPLAN model uses a set of multipliers, separated by sector, to estimate the direct, indirect, and induced effects (induced being effects of household spending) of the economic cycle. Over 500 sector codes are included in the IMPLAN model, where each code represents a unique industrial sector that a specific product or category of products is represented by. The multipliers that are derived for each sector quantify the ripple effects of a dollar increase in final demand, thus resulting in an estimation of the economic impact.[3]

Cervid Industry

In determining the economic impact of the cervid farming industry, the categories of the survey were prepared for input into the IMPLAN model. This was accomplished by extrapolating the survey results against the inventory of operations to arrive at total industry expenditures for each category. These totals represent the value of final goods and services demanded by the industry, and were the baseline inputs for the IMPLAN model. Categories from the extrapolated survey results, such as supplemental feed or fencing, are then assigned a sector code according to the underlying industry the category relates to. Table 3 provides an example of category inputs and their multipliers from IMPLAN, with each category belonging to a different sector. Differences between the multipliers for each category demonstrate how dollars move throughout different industries. For instance, a $1 million change in final demand for supplemental feed will generate a total of $2.67 million in total industry output, $1.53 million in value added economic activity, and will support 24.34 jobs. In this example, total industry output would include the output generated by the supplemental feed industry and those industries that supply it. Value added from this industry includes employee compensation, proprietary income, other proprietor income, and indirect business taxes that are generated.[4] The employment multiplier represents the number of jobs that are supported per million dollar change in final demand.

[2] Lindall, Scott A. and Douglas C. Olson. "The IMPLAN Input-Output System." Minnesota IMPLAN Group. Available online, accessed February 5, 2007. http://www.implan.com/
[3] Ibid.
[4] Ibid.

Table 3: Cervid Industry Multipliers.

	Output	Value Added	Employment
Supplemental Feed	2.67	1.53	24.34
Food plots	3.18	1.72	46.12
Veterinar y	3.43	1.57	31.42
Utilities	2.04	1.23	8.48
Insurance	2.35	1.52	18.25
Maintenance and repair	3.01	1.57	24.68
Handling facility	2.93	1.61	25.61
Fencing	3.02	1.61	25.36
Large equipment	3.02	1.29	15.79
ATV's	2.73	1.59	22.96

Hunter Expenditures

An additional component in determining the economic impact of the industry is to evaluate and include the role of hunter expenditures in the consumption of industry products. Not all hunting is related to cervid farming, but some is, therefore it is important to include only that which is related to this industry. In other words, the hunting product of cervid farming is a small part of overall cervid hunting in the United States. Yet the hunting component or economic activity associated with deer farming is an important part of the economic activity generated by the cervid farming industry. While overall hunter numbers in the United States are down, the demand for trophy hunting appears to be increasing. Dollars spent on hunting, assorted gear, and travel continue to grow. Time is increasingly the limiting factor for many industry participants, as they have the money to participate, but not the time to invest in traditional hunting. The growth of this segment of the industry is expected to continue, therefore, it is important to include this aspect of the industry in this study.

In order to determine this impact, the number of hunters per operation was taken from the survey, extrapolated against all hunting operations, and combined with a report that outlines hunting expenditures on a per hunter basis. This report, entitled the "Economic Importance of Hunting in America",[5] was based on the 2001 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation survey conducted by the U.S. Fish and Wildlife Service and the U.S. Census Bureau. These retail expenditures were then combined with other hunt related expenditures, such as trophy and processing fees, and assigned sector codes for the IMPLAN model. When totaled, less than 1 percent of the report's estimated 11 million deer hunters are related to the cervid farming industry. However, this small percentage of hunters account for over 2 percent of the report's estimated $10 billion in retail, travel, and hunt related expenditures.

Results

Table 4 below provides a summary of the economic impact of the industry. Cervid operations generate an estimated $893.5 million in direct expenditures into the U.S. economy. This value represents the estimated increase in final demand of all goods and services consumed by the industry. As these direct expenditures ripple throughout the economy, the cervid farming industry generates an estimated $2.3 billion of total industry output for all industries that supply the cervid farming industry. These industries include feed suppliers, farm and ranch supply stores, veterinary services, medical and sedation product suppliers, construction, utilities, advertising, insurance, and numerous others. Hunters contribute an additional $241 million in direct economic impacts through retail and hunt related expenditures, which generates a total of $756.9 million of total industry output.

When combined, the cervid farming industry generates $3 billion of economic activity and output in the U.S. economy. The industry provides the economic activity that supports 29,199 jobs in the economy, most of which are located in rural areas of the nation. If this industry were to disappear, these jobs would have to find support from some other sector of the economy. Unfortunately, not every segment of the industry could be analyzed. Insufficient industry and survey data limited analysis to only the operational aspects of both the venison and scent collection industries, as production and retail revenues were excluded from the analysis.

[5] "Economic Importance of Hunting in America." Produced by Southwick Associates, Inc. for the International Association of Fish and Wildlife Agencies, 2002. Available online, accessed August 10, 2006. http://www.southwickassociates.com/freereports/default.aspx

Table 4: Economic Impact of the Cervid Farming Industry.

	Direct	Output	Value Added	Employment
All Operations	893,501,559	2,333,462,511	1,276,311,405	21,070
Hunters	241,042,970	756,897,725	358,602,855	8,129
Total	1,134,544,528	3,090,360,236	1,634,914,260	29,199

Conclusion

With over 7,000 operations and 2,000 hunting preserves, the cervid farming industry has an established presence across the nation. The majority of these operations are located in rural areas of the nation. In addition, while traditional forms overwhelmingly dominate the hunting industry, the small niche of hunters this market serves continues to increase. This increase in demand is fueling the growth in the breeding industry. Over $1.1 billion in direct expenditures are poured into the U.S. economy each year by commercial farming operations and sportsmen related to this industry. In turn, this generates $3 billion of economic activity while supporting 29,199 jobs. All told, these results highlight the fact that the cervid farming industry continues to be a vital contributor to the rural economies of the United States.

Appendix A: National Cervid Industry Survey

National Cervid Industry - Economic Impact Survey

Instructions are provided at the end of this survey. Include annualized 2005 figures where appropriate.

Please indicate type of operation (check all that apply)
Cervid Breeding (includes venison and urine collection) ☐ **Cervid Hunting** ☐ **Cervid Breeding and Hunting** ☐

Cervid Breeding

***Please select type of cervid breeding operation*:** **Breeding only** ☐ **Commercial Venison** ☐ **Commercial Urine Collection** ☐

I. Operation

1. Year started: _____ 2. State: _____
3. Total acreage: _____ acres 4. Area under high fence: _____ acres
5. Area of land purchased: _____ acres 5a. Purchase value: $_____ (per acre)
6. Area of land inherited: _____ acres

II. Herd Inventory

1. Inventory (Final 2005 figures)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Males:										
Females:										
Fawns/calves:										
Birth rate (2005):										
Birth rate (2006):										
Annual mortality rate (%):										

2. Annual Purchases (Final 2005 figures)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Males (#):										
Total Cost:										
Females (#):										
Total Cost:										
Fawns/calves (#):										
Total Cost:										
Semen straws (#):										
Total Cost:										

III. Facilities

1. Area of breeding operation: _____ acres 1a. Number of pens: _____
2. Area of venison operation: _____ acres 2a. Number of pens: _____
3. Area of urine collection operation: _____ acres 3a. Number of pens: _____
4. Capital cost of fencing: $_____ 5. Capital cost of shelters: $_____
6. Capital cost of improvements: $_____ 7. Capital cost of additional buildings: $_____
8. Capital cost of working pens: $_____
9. Do you have a handling facility? ☐ Yes ☐ No 9a. If yes, capital cost of this facility: $_____
10. Do you have a venison processing facility? ☐ Yes ☐ No 10a. If yes, capital cost of this facility: $_____
11. Do you have a cooler/freezer for venison? ☐ Yes ☐ No 11a. If yes, capital cost of this equipment: $_____
12. Do you have a urine collection facility? ☐ Yes ☐ No 12a. If yes, capital cost of this facility: $_____
13. Do you have a cooler/freezer for urine? ☐ Yes ☐ No 13a. If yes, capital cost of this equipment: $_____

Cervid Breeding, continued

IV. Equipment

1. Purchase price of all large equipment, combined (i.e. tractor + bobcat): $_____
2. Purchase price of all ATVs, combined: $_____
3. Purchase price of all ranch vehicles, combined: $_____
4. Purchase price of all implements, combined: $_____
5. Purchase price of all trailers/transport crates, combined: $_____
6. Purchase price of all bulk feed bins, combined: $_____
7. Purchase price of all feeding equipment, combined: $_____
8. Purchase price of all watering equipment, combined: $_____
9. Purchase price of all video equipment, combined: $_____
10. Annual cost of rental equipment: $_____
11. Purchase price of semen storage tank(s): $_____
12. Purchase price of dart gun/sedation equipment: $_____
13. Purchase price of packaging equipment (venison and urine products): $_____

V. Veterinary & Supplies

1. Annual cost of operating supplies: $_____ 2. Annual cost of medical supplies: $_____
3. Annual veterinary expense: $_____ 4. Average cost per sedation: $_____
5. Number of necropsies performed: _____ 5a. Average cost per necropsy: $_____
6. Number of CWD tests performed: _____ 6a. Average cost per CWD test: $_____
7. Number of deer DNA certified: _____ 7a. Annual cost for DNA certification: $_____
8. Average annual number of sedations (per animal, per species):

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Males:										
Females:										

9. Annual number of females AI'd (per species):

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Females AI'd:										

VI. Labor

1. Number of employees: 1a. Paid salary: _____ 1b. Paid hourly: _____
2. Total annual wages paid: 2a. Salaries: $_____ 2b. Hourly: $_____
3. Annual expense from outsourced services: $_____

VII. Utilities

1. Annual cost of utilities: $_____
2. Annual cost of fuel: $_____

VIII. Miscellaneous Expenses

1. Annual advertising/marketing expense (includes taxidermy services): $_____
2. Annual regulatory expense (permits): $_____
3. Annual meat inspection/nutrition labeling expense: $_____
4. Annual insurance expense: $_____
5. Annual travel expense: $_____
6. Annual property tax: $_____
7. Annual cost of maintenance and repair: $_____

Cervid Breeding, continued

IX. Feeding

Fawns/Calves

1. Do you bottle feed? ☐ Yes (continue below) ☐ No (skip to 2)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Percent of all fawns/calves:										
Days fed until weaning:										
Product used:										
Product price per gal/bag/lb:										
Units fed until weaning:										

2. After weaning: (units are pounds per animal)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Daily protein feed rate:										
Daily hay feed rate:										

Adults

1. Feeding rates: (units are pounds per animal)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Males:										
Daily protein feed rate:										
Daily hay feed rate:										
Females:										
Daily feed rate:										
Daily hay feed rate:										

2. Protein feed price: $_____ (per bag/ton)
3. Hay price: $_____ (per bale) 3a. Average bale weight: _____ lbs
4. Annual protein feed purchase: _____ tons
5. Annual hay purchase: _____ bales
6. Approximate area of food plots: _____ acres
   6a. Annual cost of seed: $_____
   6b. Annual cost of fertilizer: $_____

X. Annual Sales

Annual receipts from breeding operation

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
1. Males sold:										
1a. Total Receipts:										
2. Females sold:										
2a. Total Receipts:										
3. Fawns/calves sold:										
3a. Total Receipts:										
4. Semen straws sold:										
4a. Total Receipts:										

Cervid Breeding, continued

Annual receipts from commercial venison production

	Elk	Fallow	Red Deer	Reindeer	Other:
1. Annual number processed:					
2. Average processing yield per animal (lbs):					
3. General processing cost per animal:					
4. Specialty processing cost – summer sausage, jerky, etc. (per pound):					
5. Amount of specialty processing per animal (lbs):					
6. Total receipts from all venison sales:					

7. Annual packaging, shipping, and labeling expense for venison: $_____
8. Annual number of animals used to collect velvet: _____
9. Annual amount of velvet processed: _____ lbs
10. Processing cost of velvet: $_____ (per pound)
11. Total receipts from velvet products: $_____
12. Annual packaging, shipping, and labeling expense for velvet products: $_____
13. Annual amount of shed/cut antlers sold: _____ lbs
    13a. Total receipts from antler sales: $_____
14. Total receipts from other by-products (hides, pizzles, etc.): $_____
15. Annual number of males sold as breeding stock: _____ 15a. Total receipts: $_____
16. Annual number of females sold as breeding stock: _____ 16a. Total receipts: $_____
17. Annual number of males sold to hunting preserves: _____ 17a. Total receipts: $_____
18. Annual number of females sold to hunting preserves: _____ 18a. Total receipts: $_____

Annual receipts from urine collection

1. Total number of males used for collection: _____
2. Annual amount of urine collected from males: _____ gal
   2a. Total receipts from male urine sales: $_____
3. Total number of females used for collection: _____
4. Annual amount of non-estrous urine collected from females: _____ gal
   4a. Total receipts from non-estrous urine sales: $_____
5. Annual amount of estrous urine collected from females: _____ gal
   5a. Total receipts from estrous urine sales: $_____
6. Annual packaging, shipping, and labeling expense for urine sales: $_____
7. Total receipts from other scent sales: $_____
8. Annual number of males sold as breeding stock: _____ 8a. Total receipts: $_____
9. Annual number of females sold as breeding stock: _____ 9a. Total receipts: $_____
10. Annual number of males sold to hunting preserves: _____ 10a. Total receipts: $_____
11. Annual number of females sold to hunting preserves: _____ 11a. Total receipts: $_____

Hunting

For combination hunting and breeding operations, please separate hunting operation expenses from breeding operation expenses. Include annualized 2005 figures where appropriate.

What is the purpose of your hunting operation? ☐ Personal use only ☐ Corporate clients, no fee ☐ Paying clients

I. Operation

1. Year started: _____ 2. State: _____
3. Total acreage: _____ acres 4. Land inherited: _____ acres
5. Land purchased: _____ acres 5a. Purchase value: $_____ (per acre)
6. Area of hunting operation: _____ acres

II. Facilities

1. Capital cost of lodge(s): $_____
2. Capital cost of fencing: $_____
3. Capital cost of improvements: $_____
4. Capital cost of buildings: $_____
5. Approximate area of food plots: _____ acres
   - 5a. Annual cost of seed: $_____
   - 5b. Annual cost of fertilizer: $_____

III. Equipment

1. Purchase price of all large equipment combined (i.e. tractor + bobcat): $_____
2. Purchase price of all ATVs, combined: $_____
3. Purchase price of all ranch vehicles, combined: $_____
4. Purchase price of all implements, combined: $_____
5. Purchase price of all trailers/transport crates, combined: $_____
6. Purchase price of all bulk feed bins, combined: $_____
7. Purchase price of all feeding equipment, combined: $_____
8. Purchase price of all watering equipment, combined: $_____
9. Purchase price of all video equipment, combined: $_____
10. Annual cost of rental equipment: $_____
11. Purchase price of cooler/freezer equipment: $_____
12. Purchase price of other equipment: $_____

IV. Supplies

1. Annual amount of protein feed purchased: _____ tons 1a. Protein feed unit price: $_____ (per bag/ton)
2. Annual amount of corn purchased: _____ tons 2a. Corn unit price: $_____ (per bag/ton)
3. Annual cost of operating supplies for lodge: $_____
4. Annual cost of food and beverages for lodge: $_____

V. Labor

1. Number of employees: 1a. Salary: _____ 1b. Hourly: _____
2. Total annual wages paid: 2a. Salaries: $_____ 2b. Hourly: $_____
3. Annual expense from outsourced services: $_____

Hunting, continued

VI. Utilities

1. Annual cost of utilities: $_____
2. Annual cost of fuel: $_____

VII. Miscellaneous Expenses

1. Annual insurance expense: $_____
2. Annual advertising/marketing expense (includes taxidermy services): $_____
3. Annual travel expenses: $_____
4. Annual property tax: $_____
5. Annual cost of maintenance and repair: $_____
6. Other annual miscellaneous expenses: $_____

VIII. Hunters

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Annual number of hunters, per cervid:										
Total cervids in hunting area :										
Percentage of total cervids that are from breeding:										
Number of males released from breeding area into hunting area:										
Number of females released from breeding area into hunting area:										
Number of males purchased for release into hunting area:										
Total expense:										
Number of females purchased for release into hunting area:										
Total expense:										
Annual trophy male harvest:										
Total receipts:										
Annual management male harvest:										
Total receipts:										
Annual female harvest:										
Total receipts:										
Average processing cost, per cervid:										
Percent of all harvested males seeking taxidermy services:										
Average taxidermy cost:										

National Cervid Industry - Economic Impact Survey
North American Deer Farmers Association Members

****All information collected in this survey will remain <u>confidential</u>****

Survey Instructions

1. This survey is to be completed by cervid breeding operations (including venison production and urine collection operations), combination cervid breeding and hunting operations, and hunting operations that utilize outside cervid breeding operations as a genetic supplement for their cervid herd. All other industry participants may disregard this survey.
2. For the sections and categories below, please provide annualized 2005 records of actual or accurate estimates of expenditures rather than a range estimate of expenditures.
3. **For combination breeding and hunting operations, please separate breeding operation records from hunting operation records. Contact us for additional surveys if you have multiple permitted breeding and/or hunting operations.**
4. **It is important to use the provided categories for records for each section, rather than combining records from breeding and hunting operations and submitting that in a breeding or hunting category. Please provide an accurate estimate when your records do not match these categories.**
5. If a question does not apply to your operation, please indicate this with an "N/A" response.
6. Please indicate units (lbs, tons, gals, etc.) where applicable.
7. For further explanation of general and selected lines of the survey, please refer to the information below.

Cervid Breeding (Breeding only, Venison production, Urine Collection)

Please indicate the purpose of your breeding operation by checking all boxes that apply.

<u>I. Operation</u>: This category provides for a general overview of your operation. *Purchase value* refers to the cost per acre for the initial purchase of the land.

<u>II. Herd Inventory</u>: This category refers to your final 2005 cervid inventory and final 2005 purchases (please include number purchased with total cost) towards this inventory. *Annual mortality rate* refers to the annual mortality loss on entire herd, including the loss of fawns/calves after weaning. *Birth rate* refers to the number of surviving fawns/calves born per bred female, specifically, the total number of live fawns/calves at weaning divided by the total number of bred females (i.e. 1.5, 2.3, etc.).

<u>III. Facilities</u>: This category refers to your operational specific facilities. *Capital cost* refers to the overall cost of construction for each of the items listed, including clearing, foundation, electrical, plumbing, etc. *Capital cost of improvements* refers to land clearing, roads, forage, water (well drilling, ponds), etc.

<u>IV. Equipment</u>: *Purchase price* refers to the original cost of the equipment at purchase, not an annualized loan payment. *Large equipment* refers to tractors, bobcats, dozers, etc., used in your operation. Please combine all applicable equipment into one figure for lines 1-9.

<u>V. Veterinary & Supplies</u>: *Annual cost of operating supplies* refers to the yearly expense for all operating supplies, such as office supplies, sedation supplies, AI supplies, etc. *Annual cost of medical supplies* refers to the yearly expense for medicine, syringes, etc. *Average cost per sedation* refers to the average expense of supplies and labor to sedate or dart an animal. *Number of necropsies performed* refers to the number of post mortality veterinary examinations performed to determine the cause of death. *Average cost per necropsy* refers to the average labor and labwork expense of performing a necropsy on a single animal. *Average cost per CWD test* refers to the average labor and labwork expense of performing a CWD test.

<u>VI. Labor</u>: This category refers to the labor expense for your breeding operation. Owners, spouses, and children must be accounted for in this category as an employee(s) and in total wages, if paid labor is performed by these individuals. *Total wages paid* refers to annual wages for all employees. Owner/operators must include amount allotted or withdrawn for family living for line 2a. *Annual expense from outsourced services* refers to all additional contracted labor from those not on the payroll, including consulting services, accounting services, legal services, herd survey services, etc.

<u>VII. Utilities</u>: This category refers to the annual utilities expense for electric, phone, water, sewage, refuse disposal, etc., and the annual fuel expense for your breeding operation.

<u>VIII. Miscellaneous Expenses</u>: *Annual advertising/marketing expense* refers to the annual cost of advertising and marketing materials, which includes taxidermy services for genetic display (horn molds, shed mounts, deceased buck mounts, etc.). *Annual regulatory expense* refers to the annual cost of regulatory operating permits, if applicable to your state. *Annual meat inspection expense* refers to the annual cost to venison production operations for state or federal meat inspection. *Annual insurance expense* refers to the yearly cost of auto, property, liability, health, etc. insurance. *Annual travel expense* refers to the annual cost of travel, such as fuel, food, lodging, airfare, etc. *Annual cost of maintenance and repair* refers to all maintenance and repair for facilities, equipment, fencing, roads, etc.

<u>IX. Feeding</u>: This category relates to feeding rates of fawns/calves and adults in your operation. For those who bottle feed fawns/calves, please indicate the percent of all fawns/calves that are bottle fed for, the number of days of bottle feeding until weaned, the product used (i.e. goat milk, milk replacer, etc.), the per unit product price (please indicate units-gal, bags, lbs), and the number of units of this product used per fawn until weaning for each cervid species in your operation.

<u>X. Annual Sales</u>: This category relates to the final 2005 revenue inflows of your operation. Receipts are categorized for breeding operations, commercial venison operations, and commercial urine operations. Please separate records for each these categories that apply to your operation.

Cervid Hunting

Please indicate the purpose of your hunting operation by checking all boxes that apply

<u>I. Operation</u>: *Area of hunting operation* refers to the total acreage dedicated to your hunting operation. *Purchase value* refers to the cost per acre for the initial purchase of the land.

<u>II. Facilities</u>: *Capital cost* refers to the overall cost of construction for each of the items listed, including clearing, foundation, electrical, plumbing, etc. *Capital cost of improvements* refers to land clearing, roads, forage, water (well drilling, ponds), etc.

<u>III. Equipment</u>: *Purchase price* refers to the original cost of the equipment at purchase, not an annualized loan payment. *Large equipment* refers to tractors, bobcats, dozers, etc., used in your breeding operation. Please combine all applicable equipment into one figure for lines 1-9.

<u>IV. Supplies</u>: This category relates to final 2005 expenses for supplemental feed, corn, operating, and food and beverage supplies.

<u>V. Labor</u>: This category refers to the labor expense for your hunting operation. Owners, spouses, and children must be accounted for in this category as an employee(s) and in total wages, if paid labor is performed by these individuals. *Total wages paid* refers to annual wages for all employees. Owner/operators must include amount allotted or withdrawn for family living for line 2a. *Annual expense for outsourced services* refers to all additional contracted labor from those not on the payroll, including consulting services, accounting services, legal services, herd survey services, etc.

<u>VI. Utilities</u>: This category refers to the annual utilities expense for electric, phone, water, sewage, refuse disposal, etc., and the annual fuel expense for your hunting operation.

<u>VII. Miscellaneous Expenses</u>: *Annual insurance expense* refers to the yearly cost of auto, property, liability, health, etc. insurance. *Annual advertising/marketing expense* refers to the annual cost of advertising and marketing materials, which includes taxidermy services for display. *Annual travel expense* refers to the annual cost of travel, such as fuel, food, lodging, airfare, etc. *Annual cost of maintenance and repair* refers to all maintenance and repair for facilities, equipment, fencing, roads, etc.

<u>VIII. Hunters</u>: *Total expense* refers to the cost of purchasing, sedating, and transporting cervids for release into hunting operation. *Average processing cost* refers to the cost of processing each harvested cervid. If in-house processing occurs, please provide an accurate estimate of this cost based on local processor costs. *Percent of all harvested seeking taxidermy services* relates to the percentage of all harvested cervids that will have some type of taxidermy service performed, such as a shoulder or full body mount. *Average taxidermy cost, per cervid* allows for the average per cervid expense of this service for the hunter from your local taxidermist.

We thank you in advance for taking the time to complete this survey. Upon completion, please return the survey with the enclosed envelope. Questions or requests for additional surveys may be directed to Brian Frosch at 888-890-5663.

Appendix B: Economic Impact Survey

Economic Impact Survey

Please indicate type of operation

Scientific Breeding Only ☐ **Scientific Breeding and Hunting** ☐ **Hunting only** ☐

Scientific Breeding

Instructions and clarification are provided at the end of this survey. For Hunting only operations, please skip to the hunting section. Include annualized 2005 figures where appropriate.

I. Operation

1. Year started: _____ 2. Area of breeding operation: _____ (acres)
3. Land purchased: _____ (acres) 3a. Purchase value: $_____ (per acre)
4. Land inherited: _____ (acres)

II. Herd Inventory (Final 2005 Inventory)

1. Total number of deer: _____
2. Number of breeder bucks: _____ 3. Number of stocker bucks: _____ 4. Does: _____
5. Fawns, 2005: _____ 5a. Fawning rate (surviving at weaning): _____ (fawns per doe)
6. Fawns, 2006: _____ 6a. Fawning rate (surviving at weaning): _____ (fawns per doe)
7. Annual herd mortality rate (including fawns after weaning): _____ %
8. Annual sales (Final 2005 figures) 9. Annual purchases (Final 2005 figures)

Breeder bucks (#):	Total receipts: $	Breeder bucks (#):	Total cost: $
Stocker bucks (#):	Total receipts: $	Open does (#):	Total cost: $
Open does (#):	Total receipts: $	Bred does (#):	Total cost: $
Bred does (#):	Total receipts: $	Buck fawns (#):	Total cost: $
Buck fawns (#):	Total receipts: $	Doe fawns (#):	Total cost: $
Doe fawns (#):	Total receipts: $	Semen Straws (#):	Total cost: $
Semen Straws (#):	Total receipts: $		

III. Facilities

1. Number of pens: _____ 2. Area of pens: _____ (acres)
3. Capital cost of fencing: $_____ 4. Capital cost of shelters: $_____
5. Capital cost of improvements: $_____
6. Capital cost of buildings: $_____ 7. Capital cost of working pens: $_____
8. Do you have a handling facility? ☐ Yes ☐ No 8a. If yes, capital cost of handling facility: $_____
9. Approximate area of food plots: _____ (acres)
   9a. Annual cost of seed: $_____
   9b. Annual cost of fertilizer: $_____
10. Annual cost of maintenance and repair: $_____

IV. Equipment

1. Purchase price of all large equipment, combined (i.e. tractor + bobcat): $_____
2. Purchase price of all ATV(s), combined: $_____
3. Purchase price of all ranch vehicle(s), combined: $_____
4. Purchase price of all implements, combined: $_____
5. Purchase price of all trailer(s)/transport crate(s), combined: $_____
6. Purchase price of all bulk feed bin(s), combined: $_____
7. Purchase price of all feeding equipment, combined: $_____

Scientific Breeding, continued

8. Purchase price of all watering equipment, combined: $_____
9. Purchase price of all video equipment, combined: $_____
10. Annual cost of rental equipment: $_____
11. Purchase price of semen storage tank(s): $_____
12. Purchase price of dart gun/sedation equipment: $_____

V. Veterinary & Supplies

1. Annual cost of operating supplies: $_____ 2. Annual cost of feed and hay: $_____
3. Annual cost of medical supplies: $_____ 4. Annual veterinary expense: $_____
5. Annual number of sedations: _____ (per doe) 6. Annual number of sedations: _____ (per buck)
7. Average cost per sedation: $_____ 8. Number of does AI'd: _____
9. Number of necropsies performed: _____ 9a. Average cost per necropsy: $_____
10. Number of CWD tests performed: _____ 10a. Average cost per CWD test: $_____
11. Number of deer DNA certified: _____ 11a. Annual cost for DNA certification: $_____

VI. Labor

1. Number of employees: 1a. Paid salary: _____ 1b. Paid hourly: _____
2. Total wages paid: 2a. Salaries: $_____ 2b. Hourly: $_____
3. Annual expense from outsourced services: $_____

VII. Utilities

1. Annual cost of utilities: $_____
2. Annual cost of fuel: $_____

VIII. Miscellaneous Expenses

1. Annual insurance expense: $_____
2. Annual advertising/marketing expense (includes taxidermy services): $_____
3. Annual travel expense: $_____
4. Annual property tax: $_____

IX. Feeding

Fawns

1. Do you bottle feed your fawns? ☐ Yes (continue with 1a-1e) ☐ No (skip to 2)
   1a. If yes, what percent of all fawns? _____% 1b. Average bottle feeding days until weaning: _____
   1c. What product do you use? _____
   1d. Units fed per fawn until weaning: _____ (gal/bags/lbs) 1e. Product price: $_____ (per gal/bag/lb)
2. After weaning: 2a. Approximate daily feed rate: _____ (lbs per fawn) 2b. Feed price: $_____ (per bag/ton)
   2c. Approximate alfalfa/hay daily feed rate: _____ (lbs per fawn) 2d. Alfalfa/hay price: $_____ (per bale)
   2e. Average bale weight: _____lbs

Does

1. Approximate daily feed rate: _____ (lbs per doe) 2. Feed price: $_____ (per bag/ton)
3. Approximate alfalfa/hay daily feed rate: _____ (lbs per doe)

Bucks

1. Approximate daily feed rate: _____ (lbs per buck) 2. Feed price: $_____ (per bag/ton)
3. Approximate alfalfa/hay daily feed rate: _____ (lbs per buck)

Hunting

Instructions and clarification are provided at the end of this survey. For combination Scientific Breeding & Hunting operations, please separate hunting expenses from breeding expenses. Include annualized 2005 figures where appropriate.

What is the purpose of your hunting operation? ☐ Personal use only ☐ Corporate clients, no fee ☐ Paying clients

I. Operation

1. Year started: _____ 2. Area of hunting operation: _____ (acres)
3. Land purchased: _____ (acres) 3a. Purchase value: $_____ (per acre)
4. Land inherited: _____ (acres)

II. Facilities

1. Capital cost of lodge(s): $_____
2. Capital cost of fencing: $_____
3. Capital cost of improvements: $_____
4. Capital cost of buildings: $_____
5. Annual cost of maintenance and repair: $_____
6. Approximate area of food plots: _____ (acres)
   6a. Annual cost of seed: $_____
   6b. Annual cost of fertilizer: $_____

III. Equipment

1. Purchase price of all large equipment combined (i.e. tractor + bobcat): $_____
2. Purchase price of all ATV(s), combined: $_____
3. Purchase price of all ranch vehicle(s), combined: $_____
4. Purchase price of all implements, combined: $_____
5. Purchase price of all trailer(s)/transport crate(s), combined: $_____
6. Purchase price of all bulk feed bin(s), combined: $_____
7. Purchase price of all feeding equipment, combined: $_____
8. Purchase price of all watering equipment, combined: $_____
9. Purchase price of all video equipment, combined: $_____
10. Annual cost of rental equipment: $_____
11. Purchase price of dart gun/sedation equipment: $_____
12. Purchase price of cooler/freezer equipment: $_____
13. Purchase price of other equipment: $_____

IV. Supplies

1. Annual amount of protein feed purchased: _____ (tons) 1a. Protein feed unit price: $_____ (per bag/ton)
2. Annual amount of corn purchased: _____ (tons) 2a. Corn unit price: $_____ (per bag/ton)
3. Annual cost of operating supplies for lodge: $_____
4. Annual cost of food and beverages for lodge: $_____

V. Labor

1. Number of employees: 1a. Salary: _____ 1b. Hourly: _____
2. Total wages paid: 2a. Salaries: $_____ 2b. Hourly: $_____
3. Annual expense from outsourced services: $_____

Hunting, continued

VI. Utilities

1. Annual cost of utilities: $_____
2. Annual cost of fuel: $_____

VII. Miscellaneous Expenses

1. Annual insurance expense: $_____
2. Annual advertising/marketing expense (includes taxidermy services): $_____
3. Annual travel expenses: $_____
4. Annual property tax: $_____
5. Other annual miscellaneous expenses: $_____

VIII. Hunters

1. Annual number of hunters: _____
2. Total annual deer harvest: _____
3. Approximate total number of deer in hunting area: _____
   3a. Approximate percentage of total deer in the hunting area that are from breeding: _____
4. Annual number of stocker bucks released from breeding operation into hunting operation: _____
5. Annual number of does released from breeding operation into hunting operation: _____
6. Annual number of stocker bucks purchased for release into hunting operation: _____
   6a. Total expense: $_____
7. Annual number of does purchased for release: _____
   7a. Total expense: $_____
8. Annual number of does harvested: _____
   8a. Total receipts from doe hunts: $_____
9. Annual number of management bucks harvested: _____
   9a. Total receipts from management buck hunts: $_____
10. Annual number of trophy bucks harvested: _____
    10a. Total receipts from trophy buck hunts: $_____
11. Average processing cost: $_____ (per deer)
12. Approximate percentage of harvested bucks seeking taxidermy services: _____%
13. Average taxidermy cost: $_____ (per deer)

APPENDIX

Economic Impact Survey
Texas Deer Association Members

****All information collected in this survey will remain <u>confidential</u>****

Survey Instructions

1. This survey is to be completed by scientific breeding operations, combination scientific breeding and hunting operations, and hunting operations that utilize outside scientific breeding operations as a genetic supplement for their deer herd. All other industry participants may disregard this survey.
2. For the sections and categories below, please provide annualized 2005 records of actual or accurate estimates of expenditures rather than a range estimate of expenditures.
3. For those who have multiple facilities under separate permits (uniquely identified), please contact us for additional surveys for each operation.
4. **It is important to separate records for each facility, and between hunting and breeding operations. Contact us for additional surveys if you have multiple permitted breeding and/or hunting operations.**
5. **It is also important to use the provided categories for records for each section, rather than combining records from breeding and hunting operations and submitting that in a breeding or hunting category. Please provide an accurate estimate when your records do not match these categories.**
6. If a question does not apply to your operation, please indicate this with an "N/A" response.
7. Please indicate units (lbs, tons, gals, etc.) where applicable.
8. For further explanation of general and selected lines of the survey, please refer to the information below.

Scientific Breeding

<u>I. Operation</u>: *Area of breeding operation* refers to the total acreage dedicated to your breeding operation. *Purchase value* refers to the cost per acre for the initial purchase of the land.

<u>II. Herd Inventory</u>: This category refers to your herd inventory, fawning rate, purchases and sales towards your inventory for 2005, and number the of fawns born and fawning rate for 2006. *Annual herd mortality rate* refers to the annual mortality loss on the total breeding herd, including loss of fawns after weaning. *Fawning rate* refers to the number of surviving fawns born per doe, specifically, the total number of live fawns at weaning divided by the total number of bred does (i.e. 0.7, 1.5, 2.3, etc.).

<u>III. Facilities</u>: *Area of pens* refers to the total acreage enclosed by all pens combined. *Capital cost* refers to the overall cost of construction for each of the items listed, including clearing, foundation, electrical, plumbing, etc. *Capital cost of improvements* refers to land clearing, roads, forage, water (well drilling, ponds), etc. *Annual cost of maintenance and repair* refers to all maintenance and repair for facilities, equipment, fencing, roads, etc.

<u>IV. Equipment</u>: *Purchase price* refers to the original cost of the equipment at purchase, not an annualized loan payment. *Large equipment* refers to tractors, bobcats, dozers, etc., used in your breeding operation. Please combine all applicable equipment into one figure for lines 1-9.

<u>V. Veterinary & Supplies</u>: *Annual cost of operating supplies* refers to the yearly expense for all operating supplies, such as office supplies, sedation supplies, AI supplies, etc. *Annual cost of medical supplies* refers to the yearly expense for medicine, syringes, etc. *Annual number of sedations* refers to the average annual number of sedations on a per doe/buck basis. *Average cost per sedation* refers to the average expense of supplies and labor to sedate or dart a deer. *Number of necropsies performed* refers to the number of post mortality veterinary examinations performed to determine the cause of death. *Average cost per necropsy* refers to the average labor and labwork expense of performing a necropsy on a single deer. *Average cost per CWD test* refers to the average labor and labwork expense of performing a CWD test.

<u>VI. Labor</u>: This category refers to the labor expense for your breeding operation. Owners, spouses, and children must be accounted for in this category as an employee(s) and in total wages, if labor is performed by these individuals. *Total wages paid* refers to annual wages for all employees. Owner/operators must include amount allotted or withdrawn for family living for line 2a. *Annual expense from outsourced services* refers to all additional contracted labor from those not on the payroll, including consulting services, accounting services, legal services, herd survey services, etc.

<u>VII. Utilities</u>: This category refers to the annual utilities expense for the annual electric, phone, water, sewage, refuse disposal, etc., and the annual fuel expense for breeding operations.

<u>VIII. Miscellaneous Expenses</u>: *Annual insurance expense* refers to the yearly cost of auto, property, liability, health, etc. insurance. *Annual advertising/marketing expense* refers to the annual cost of advertising and marketing materials, which includes taxidermy services for genetic display (horn molds or shed mounts, or deceased buck mounts). *Annual travel expense* refers to the annual cost of travel, such as fuel, food, lodging, airfare, etc.

<u>IX. Feeding</u>: This category relates to feeding rates for fawns, bucks, and does. For those who bottle feed fawns, please indicate the percent of all fawns that are bottle fed, number of days of bottle feeding until weaning, the product used (i.e. goat milk, milk replacer, etc.), units of this product used per fawn until weaning, the per unit product price (please indicate units-gal, bags, lbs).

Hunting

<u>I. Operation</u>: *Area of hunting operation* refers to the total acreage dedicated to your hunting operation. *Purchase value* refers to the cost per acre for the initial purchase of the land.

<u>II. Facilities</u>: *Capital cost* refers to the overall cost of construction for each of the items listed, including clearing, foundation, electrical, plumbing, etc. *Capital cost of improvements* refers to land clearing, roads, forage, water (well drilling, ponds), etc. *Annual cost of maintenance and repair* refers to all maintenance and repair for facilities, equipment, fencing, roads, etc.

<u>III. Equipment</u>: *Purchase price* refers to the original cost of the equipment at purchase, not an annualized loan payment. *Large equipment* refers to tractors, bobcats, dozers, etc., used in your breeding operation. Please combine all applicable equipment into one figure for lines 1-9.

<u>IV. Supplies</u>: This category relates to supplemental feed, corn, operating, food, and beverage supplies for hunting operations on an annualized basis.

<u>V. Labor</u>: This category refers to the labor expense for your breeding operation. Owners, spouses, and children must be accounted for in this category as an employee(s) and in total wages, if labor is performed by these individuals. *Total wages paid* refers to annual wages for all employees. Owner/operators must include amount allotted or withdrawn for family living for line 2a. *Annual expense for outsourced services* refers to all additional contracted labor from those not on the payroll, including consulting services, accounting services, legal services, herd survey services, etc.

<u>VI. Utilities</u>: This category refers to the annual utilities expense for the annual electric, phone, water, sewage, refuse disposal, etc., and the annual fuel expense for hunting operations.

<u>VII. Miscellaneous Expenses</u>: *Annual insurance expense* refers to the yearly cost of auto, property, liability, health, etc. insurance. *Annual advertising/marketing expense* refers to the annual cost of advertising and marketing materials, which includes taxidermy services for display. *Annual travel expense* refers to the annual cost of travel, such as fuel, food, lodging, airfare, etc.

<u>VIII. Hunters</u>: This category relates to the annual number of hunters, number of deer harvested, number of deer purchased and/or released into hunting operation, and the expenses and receipts from hunting. *Total expense* in lines 6a & 7a refer to the cost of purchasing, sedating, and transporting deer for release into hunting operation. *Average processing cost* refers to the cost of processing each harvested deer. If it is processed in-house, please provide an accurate estimate of this cost from based on local processor costs. Line 12 relates to the percentage of harvested deer that will have some type of taxidermy service performed, such as a shoulder or full body mount. Line 13 allows for the average per deer expense of this service for the hunter.

We thank you in advance for taking the time to complete this survey. Upon completion, please return the survey with the enclosed envelope no later than November 10th. Questions or requests for additional surveys may also be directed to Brian Frosch at 888-890-5663.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact. This initiative petition prohibits confined big game hunting in Missouri. There are no criminal penalties proposed for violating the Fair Chase Amendment.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated the proposed amendment would authorize the Missouri Conservation Commission to regulate confined, privately owned big game species. It would also restrict or prohibit certain activities relating to such species. Budget and Planning defers to the Missouri Conservation Commission for an estimate of the proposal's fiscal impact on the Commission or the Missouri Department of Conservation (MDC). Budget and Planning also defers to the Missouri Department of Agriculture (MDA) for an estimate of the proposal's potential fiscal impact on MDA. Budget and Planning does not have sufficient information to estimate the potential fiscal impact the proposal may have on state or local government revenues derived from practices that would be regulated, restricted, or prohibited under the proposal.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated the constitutional amendment proposed in this initiative petition will have no fiscal impact on their city.

Officials from **Metropolitan Community College** indicated no anticipated fiscal impact for their college.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will not have a fiscal impact on their university.

Officials from the **Metropolitan Zoological Park and Museum District** indicated they do not believe this initiative petition will have a financial impact on their district.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, University of Missouri, St. Louis Community College, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** and the **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

State governmental impact is unknown. Local governmental entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 29, 2017

RECEIVED
MAR 29 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Marc Ellinger regarding a proposed constitutional amendment to Article IV, version 1 (2018-186)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Marc Ellinger on March 28, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
MAR 28 2017
MO. SECRETARY OF STATE

(Official Ballot title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article IV is amended by adding one new section to be known as Section 40(c), to read as follows:

40(c). 1. The right to hunt shall be guaranteed to all Missourians and shall not be infringed by law, except as expressly authorized in this Constitution. This section shall not be a basis to challenge any rule, regulation or permit requirements established by the Missouri Conservation Commission pursuant to its authority under Sections 40(a) through 46 of this Article, nor shall it authorize any person to hunt with any weapon such person may not legally possess, nor shall it authorize trespassing.

2. The provisions of Section 40(c) shall be known as the Native Missouri Wildlife Conservation Amendment, and its purpose is to prohibit the shipment or transportation of big game species to or from Missouri destinations. It shall be the public policy of this state to protect the health of Missouri's livestock and wildlife by changing the requirements related to the transport of captive big game species. Transport of big game species into and inside Missouri presents a significant threat to the safety, health and welfare of wildlife across Missouri due to the risk of introducing disease. Confined big game killing or the owning, possessing, confining, transporting, breeding, or raising of privately owned big game species shall not be construed as hunting, farming or ranching for any purpose under this Constitution or any law.

3. Upon the effective date of this Amendment the delivery, receipt, shipping, or transportation of any big game species to or from any destination within Missouri shall be prohibited. The only exceptions to this general prohibition are as follows:

a. Prior to and on November 7, 2019, a Missouri facility legally confining big game species with all required permits in place on November 6, 2018, and which continuously maintains all required permits, may deliver, ship or transport any big game species for which such facility maintains such permits, and any person engaged in the shipping to or from any such excepted facility however the shipping of such big game species into Missouri shall not be permitted under this exception;

b. When such big game species are being transported to or from any facility and will be held under the authority of the Missouri Conservation Commission or under the supervision of an authorized representative of: governmentally owned zoos or wildlife or research organizations; American Zoo and Aquariums Association accredited not-for-profit facilities; nationally accredited universities, colleges or, schools; incorporated cities, states or federal agencies for scientific research;

c. When such big game species are transported through Missouri in compliance with federal regulations, with both origin and destination outside of Missouri;

d. When such big game species are transported to any commercial slaughter facility operating under state or federal inspection for commercial meat production; or

e. When such big game species are transported, for treatment of illness or injury, between a veterinary facility and a facility authorized to possess privately owned big game species.

4. In addition to the authority vested in it by Section 40(a) of Article IV, the Missouri Conservation Commission shall have primary authority over the regulation of privately-owned big game species. The Missouri Conservation Commission may make such rules and regulations as may be deemed necessary for the enforcement of this Amendment.

5. Information or data in either paper or electronic form regarding any voluntary or mandatory program related to diseases of big game species shall be considered a public record and subject to disclosure except as or expressly permitted or required to be closed by federal law or this constitution.

6. Definitions.

a. "Big game species" as used in this amendment shall not include any livestock as defined in this Amendment, and shall include all of the following animals, either as live animals, embryos, ova, or semen: (a) all cervids and cervid hybrids including but not limited to white-tailed deer, elk, mule deer, red deer, fallow deer, sika deer and moose; (b) mountain goats, bighorn sheep, Dall's sheep, pronghorn, peccary, and javelina; and (c) any other ungulate (hooved animal) confined or bred primarily for confined big game killing and not for commercial meat production or other human use.

b. "Confined big game killing" as used in this amendment shall mean an act in which an owner, operator or agent of a big game preserve permits, allows, enables or facilitates the killing or attempted killing of big game species inside a big game preserve, but shall not include any act of a government employee or agent to control an animal population, to prevent or control diseases, or when government action is otherwise required or authorized by law.

c. "Livestock" as used in this Amendment, shall mean cattle, fully domesticated swine, fully domesticated sheep, fully domesticated goats, fully domesticated bison, fully domesticated ratite birds, fully domesticated rabbits, and fully domesticated horses, donkeys, mules, alpacas and llamas, where such fully domesticated animals are raised primarily for human use or consumption not including confined big game killing. Livestock shall also include embryos, ova, and semen of any designated animal in this definition.

d. "Big game preserve" as used in this amendment shall mean a facility confining privately-owned big game species within fencing designed or intended to reduce the ability of such privately-owned big game species to escape or to evade pursuit.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-186)

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article IV. (Received March 29, 2017)

Date

April 18, 2017

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** the **Missouri Joint Municipal Electric Utility Commission,** and **Metropolitan Zoological Park and Museum District**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated this initiative petition will have a substantial negative impact on the cervid industry in Missouri.

The Agricultural and Food Policy Center at Texas A&M University conducted an economic impact study of the United States cervid farming industry in 2007 (attached) based on a survey of the deer farms in Texas and the elk producers located throughout the United States.

Based on the values provided by the Texas A&M study, and an estimated 225 cervid producers in Missouri, the industry has an estimated direct annual economic impact in Missouri of approximately $98 million. The number of people employed in the cervid industry in Missouri is estimated to be approximately 1,150 individuals. In addition, based on the study and 2007 property tax rates, the cervid industry pays approximately $700,000 annually in local property taxes.

They included the following information on the economic impact of the United States cervid farming industry:

ECONOMIC IMPACT OF THE UNITED STATES CERVID FARMING INDUSTRY

Agricultural and Food Policy Center
Texas A&M University

August 2007

AFPC

Department of Agricultural Economics
Texas Agricultural Experiment Station
Texas Cooperative Extension
Texas A&M University

College Station, Texas 77843-2124
Telephone: (979) 845-5913
Fax: (979) 845-3140
http://www.afpc.tamu.edu

Acknowledgements

In no way could the study have been completed without the outstanding efforts of the members and leadership of both the North American Deer Farmers Association (NADeFA®) and the Texas Deer Association (TDA). We truly appreciate all of the members who took the time to complete and return the survey. In addition, we sincerely thank all of those who took time out of their schedules to educate us and let us see your operations first hand. Specifically, from NADeFA®: Fred Huebner, Holly Johnson, Glenn Dice, Julie Getschmann, and Shelly Burns. From the TDA: Scott Bugai, Dick Cain, and Lisa Barton. The following people and operations: Robert Williams of RW Trophy Ranch, Buddy Jordan of Indian Creek Ranch, Trophy Ridge Ranch (Dick Cain), Buck Naked Trophy Whitetails (Scott Bugai), Stephen Frisina of Celebrity Ranch, Tom Malouf of Malouf's Trophy Whitetails, Robert Gegenheimer of Cotton Mesa, Dave McQuaig of Cougar Ridge Whitetails, Mike Hine of Timberghost Ranch, Pat Cooper, Russ Walk of Walk's Whitetails, Dean Borntrager of Sundance Whitetails, Levi Mast of Mast's Whitetails, Dave Griffith of Griffith Brothers Whitetail Ridge, and Tim Tague and Doug Berty of Double T Ranch.

ECONOMIC IMPACT OF THE UNITED STATES CERVID FARMING INDUSTRY

David P. Anderson
Brian J. Frosch
Joe L. Outlaw

Agricultural & Food Policy Center
Department of Agricultural Economics
Texas Agricultural Experiment Station
Texas Cooperative Extension
Texas A&M University

APFC Research Report 07-4

August 2007

College Station, Texas 77843-2124
Telephone: 979.845.5913
Fax: 979.845.3140
Web site: http://www.afpc.tamu.edu/

Executive Summary

- The cervid farming industry is, perhaps, the fastest growing industry in rural America.
- Over 2,000 industry participants were surveyed, with a response rate of 14 percent.
- This survey, designed to estimate the economic impact of the industry, was performed in late 2006-early 2007.
- The average whitetail deer farm had 82 deer, composed of 28 males, 28 females, 26 fawns, and had an average birth rate of 1.31 fawns per doe in 2006.
- Breeding operations reported expenditures averaging $101,000 per year.
- The cervid farming industry has a direct economic impact of $893.5 million.
- When incorporating the indirect impacts of the industry, for example, the farm's expenditures on feed, veterinary supplies, fuel and other purchases, the total economic impact of the industry is $2.3 billion.
- One of the major customers of this industry is hunters. Estimating the impact of hunting dollars spent, with hunters as the consumer of cervid farming products, an additional $757 million is generated by the cervid farming industry.
- The total impact of the industry, combining the farming and hunting components, is $3.0 billion annually.
- The economic activity of the cervid farming industry supports 29,199 jobs, most of which are in rural America. If this industry did not exist, those jobs would have to be supported by some other economic activity.
- These results highlight the fact that the cervid farming industry is a growing and important industry in rural America.

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Introduction

The cervid, or deer, farming industry is a vital and growing business in rural areas of the United States. As demographic and market forces tend to shift traditional revenue sources away from rural communities, their economies increasingly rely on new industries such as this one. As the industry has grown, participants and legislators have developed an interest in measuring the economic contribution of the industry on their respective communities. In addition, the industry is governed by a myriad of state and federal laws, regulations, and jurisdictions. Since the majority of industry regulation is left up to the states, a significant amount of variability in the regulations exists from state to state. This lack of consistency in laws and regulations may be a factor affecting future industry growth in some states. The rapid growth of the industry and an array of policy issues led the industry to request this study of the size and economic importance of the cervid farming industry. In 2006, the Agricultural and Food Policy Center (AFPC) at Texas A&M University was requested by former Texas Congressman Henry Bonilla to undertake this study. The primary objective of this study is to determine the economic impact of the United States cervid farming industry. Secondary objectives include providing a current description of typical industry participants and cost estimates for the major categories of expenses on cervid farming operations.

Cervid Industry

The term "cervid" refers to any one of the various members of the cervidae family. This family includes members such as whitetail deer, elk, fallow, reindeer, axis, sika, and red deer among others.[1]

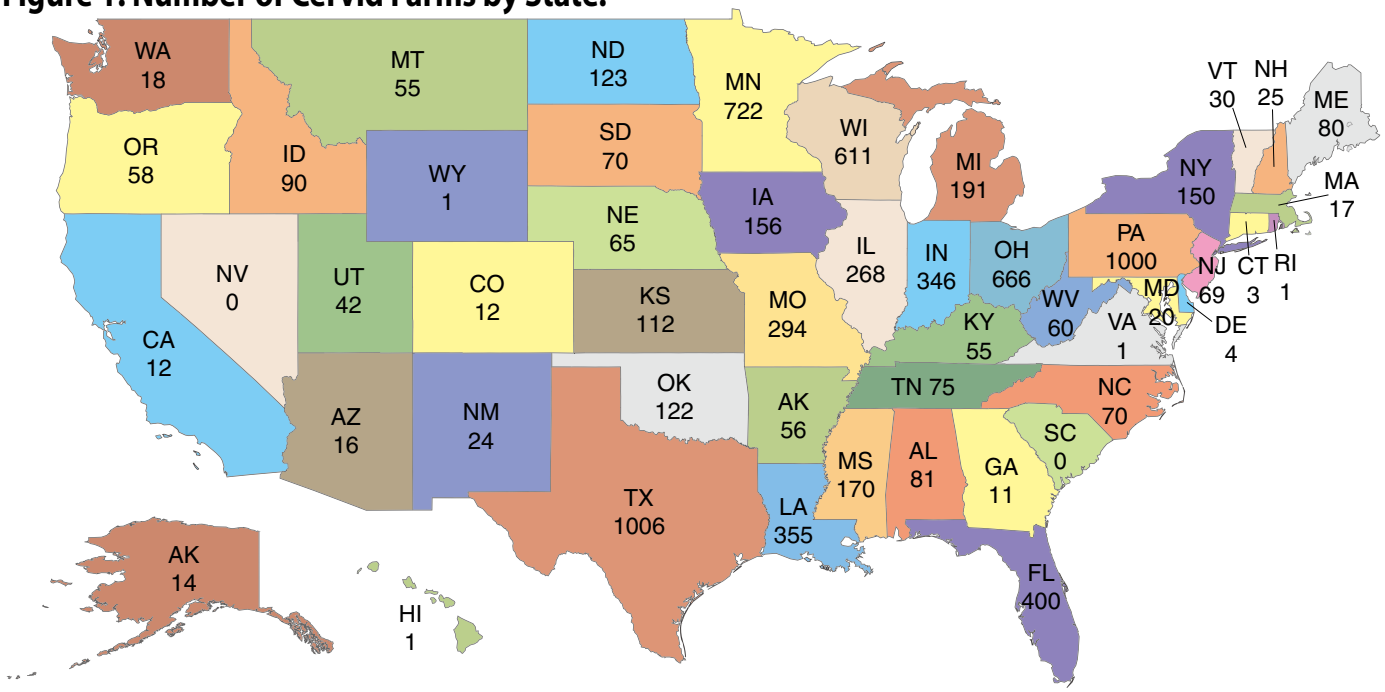
Like any industry, the cervid farming industry involves producers and consumers. In general, the production side of the industry is comprised of breeding stock producers, trophy hunting preserves, commercial venison producers, and commercial scent collection. Some commercial production operations may take on a single segment, such as one producing and selling only breeding stock. Others may consist of any combination of these, such as an operation producing venison and velvet, while also collecting urine for scent sales. Consumers of the industry include hunters (for scent products and hunting) other breeders, and consumers of venison and related products (hides, velvet, shed antlers, etc.).

Figure 1 displays the estimated number of cervid farms per state. This inventory was compiled by the administrative staff at the North American Deer Farmers Association (NADeFA®) through contact with the appropriate state agency. Those states that did not have an exact count provided their best estimate. Across the nation, the total number of cervid farms was 7,828, with Pennsylvania and Texas home to around 1,000 farms each. The total number of hunting preserves is estimated at 2,639, yet this only represents an estimate of those that are related to the cervid farming industry. As an example of the growth the cervid farming industry is experiencing, there were 946 permitted breeding facilities in Texas in late summer 2006. However, when the analysis took place early in the spring of 2007, there were 1,006 permitted facilities. In addition, it is important to note that there are approximately 1,600 Amish operations included in the national total. For many in the Amish communities, deer breeding is another way to diversify their operations. A number of industry participants find that this form of farming provides an opportunity to turn a greater profit on a relatively small amount of acreage than traditional farming or ranching enterprises.

The trophy hunting segment of this industry relates only to those operations that purchase outright or release their own cervids into a hunting preserve. This segment represents the primary end market for the breeding stock industry. Trophy hunting, in this sense, involves hunting trophy cervids within high fenced hunting preserves. This generally occurs via 3-6 day hunt packages, where the hunter is provided lodging, meals, and a guided hunt for a set fee. Hunter expenditures included in this study only include those hunters that are related to this industry. In other words, hunters, in the context of this study, are only those that hunt at operations that either purchase or release deer from breeding operations into their hunting operations. Breeding operations represent the largest segment of the cervid farming industry. These operations raise and sell breeding stock to other industry breeders as well as hunting preserves. The commercial venison segment is similar to other food animal production operations, with fallow, elk, and red deer being the primary species reared. Cervids are raised to market age, processed, and the resulting venison is sold. In addition to venison, these operations may sell other co-products such as velvet, hides, and antlers. The last segment is the commercial urine, or scent, collection operations. These operations are found to stand alone or co-exist with other operational segments, where the urine is collected from males and females to sell as a hunting attractant.

[1] "Cervid." The American Heritage® Science Dictionary. Houghton Mifflin Company. 20 Jul. 2007. Dictionary.com http://dictionary.reference.com/browse/cervid

Figure 1: Number of Cervid Farms by State.



Methodology

As previously mentioned, the primary objective of this study is to estimate the economic impact of the United States cervid farming industry. In order to do this, a survey instrument was developed to collect detailed operational information from industry participants. This information was then combined with the inventory of cervid farms to analyze the production side of the industry. In addition, an analysis was performed to determine the impact of hunters, but only the portion of hunters who are related to the cervid farming industry. The production and hunting components were then combined to estimate the economic impact of the cervid farming industry.

Data Collection

During the late summer and early fall of 2006, background information to develop the survey was gained through site visits to cervid farms across the nation. Interviews from these visits provided a base set of information that was then utilized to develop the survey instrument. The survey was then reviewed by industry participants, revised, and sent to over 700 members of NADeFA® and 1,300 members of the Texas Deer Association (TDA) over the fall of 2006 to early 2007. Overall, the extensive survey achieved a response rate of 14 percent. These memberships were selected to participate in this study because they represent all facets of the cervid farming industry.

Survey Development

The actual survey instruments are contained in Appendix A (NADeFA®) and Appendix B (TDA). For the purposes of the survey, the cervid farming industry was segmented into three operational structures: breeding only, breeding and hunting, and hunting only operations. Breeding only operations were defined as those that only involve the scientific breeding and rearing of cervids for the purpose(s) of breeding stock, commercial venison, or commercial urine collection. Hunting only operations relate to only those hunting preserves that purchase cervids from breeding operations as stockers or as breeding stock for release into the preserve. Operations that manage their deer populations by selective harvest and nutritional supplements, rather than supplementing the natural genetics with deer released from breeding operations, are not included in this category. Breeding and hunting operations represent those that engage in breeding activities while also utilizing their own breeding stock, or purchased breeding stock, to supplement the genetics and/or populate their hunting preserve.

While a majority of the industry are whitetail deer producers, a variety of cervid species are raised as well, including elk, red deer, mule deer, sika, pere david's, reindeer, axis, fallow, and muntjak. The surveys proved to be quite extensive, as they were designed to represent producers of all of these cervid species and operational segments. For breeding operations, the survey included questions regarding the operation in general, herd inventory, purchases, sales, capital expenditures, veterinary expenditures, labor, feeding rates and expenditures, utilities, and other miscellaneous expenses. For hunting operations, the base operational questions remained the same, however, hunting related questions were included as well, such as the number of hunters, harvest rate, percentage of herd from breeding operations, hunt revenues, processing, and taxidermy.

Figure 2: Typical Fenced Paddock.

Survey Results

General Operations

Of the 302 respondents, 61 percent were breeding only operations, 32 percent were breeding and hunting operations, and 7 percent were hunting only operations. Respondents represented 26 of the 48 states that have some type of cervid operation. When combining all survey respondents, operations have been in business, on average, since 1999.

From the NADeFA® survey results, the average whitetail deer breeding operation reported a total of 82 deer, on close to 25 acres. Of these, 28 were bucks, 28 were does, and 26 were fawns. In 2005, bred does had an average of 1.24 fawns each, which increased to 1.31 for the 2006 fawning season. Average annual mortality rate was reported to be 9.6 percent. For comparison, whitetail breeding operations from the Texas survey were slightly larger, averaging 114 head, on a little more than 64 acres. Of these, 42 were bucks, 44 were does, with the remainder being fawns. Bred does averaged 1.27 fawns each in 2005 and 1.37 in 2006, slightly higher than the national results. Overall herd mortality rate was reported to be 5.7 percent.

Table 1 above contains a summary of the average operational costs across all survey respondents. A quick glance through the table reveals expected differences across operations for general expenditures. Breeding and hunting operations displayed the largest footprint, around 1,700 acres, as expected. Breeding only operations were the smallest, averaging around 20 acres in pens. Pens, in this sense, are typically described as a high fenced paddock, as shown in Figure 2. For those pens holding bucks or bulls, a protective screening is often used in conjunction with the fence to keep an antler from hooking in the fence accidentally. In addition, screening may be used as a visual barrier, particularly if the operation is near a road, to shield the deer from view from passers-by.

Breeding and hunting operations had more area devoted to breeding pens, more pens overall, and more deer (Table 2) than breeding only operations. This was expected as the breeding and hunting operations supply their hunting operation from their breeding operation, and are not necessarily relying on sales or transfers to move deer off the operation.

The results indicate expenditures on lodges, fencing, and improvements were the top three in terms of the capital cost for both breeding and hunting and hunting only operations, while breeding operations spent the most on fencing, buildings, and improvements. The category of improvements includes expenditures on land clearing, roads, tanks/ponds, and forage development among others. Large equipment, ranch vehicles, and implements were reported as the highest equipment expenditures across all three types of operations. Of all the respondents, 49 percent reported hiring labor, while 43 percent reported outsourcing labor and/or consulting needs. Breeding and hunting operations reported using four times the amount of outsourced services than breeding only operations, or $16,456 versus $4,042. Examples of outsourced services include those of operational management and or nutritional consulting, bottle feeding services for newborns, annual herd maintenance/vaccination services, and accounting services.

Figure 3 provides a summary of expenditures for a typical breeding operation. Survey categories, such as those shown in Table 1, were combined into four primary expense categories: capital, operational, feed, and general. Figure 3 illustrates the annual expenses for breeding operations. Operational expenditures include items such as supplies, labor,

Figure 3: Annual Breeding Operation Expenditures.

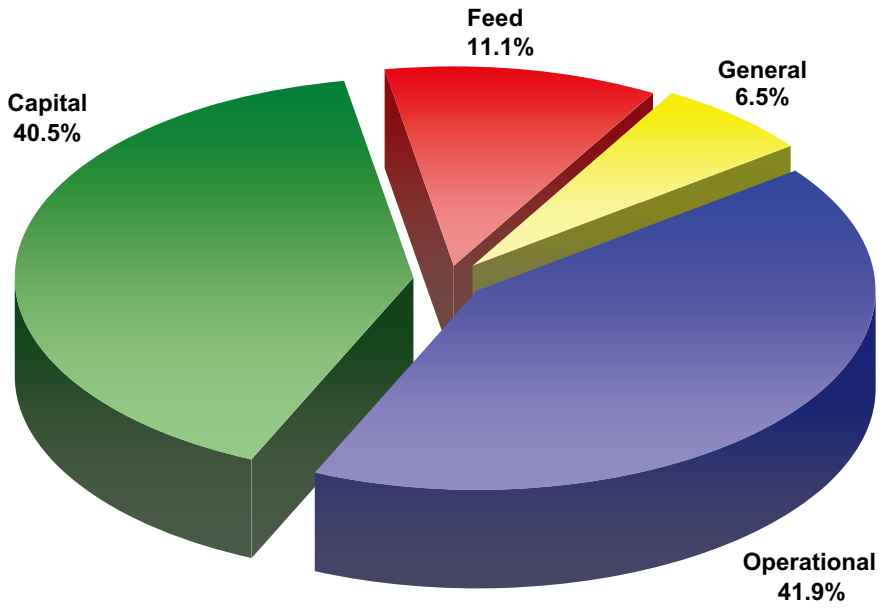


Table 1: Average Annual Operational Costs of Cervid Industry Survey Respondents.

(in dollars)	Breeding Only	Breeding & Hunting	Hunting Only
Operation			
Year started	1999	1998	1998
Area of breeding (acres)	22	80	NA
Area of hunting (acres)	NA	1,639	1,123
Land purchased (acres)	139	895	1,022
Purchase value ($/ac)	3,166	1,729	1,407
Facilities			
Capital cost of lodge(s)	NA	172,673	159,326
Number of pens	8	13	NA
Area of pens (acres)	20	25	NA
Fencing	27,201	144,039	94,592
Shelters	6,980	14,479	NA
Improvements	17,270	81,750	63,507
Buildings	19,693	80,262	55,961
Working pens	10,336	18,366	NA
Percent with Handling Facility	64%	54%	NA
Cost of Handling Facility	15,627	36,502	NA
Maintenance and Repair	2,907	18,731	12,143
Equipment			
Large equipment	33,009	93,268	61,665
ATV(s)	9,325	19,841	14,391
Ranch vehicles	29,422	55,470	37,208
Implements	9,578	26,510	20,038
Trailers/crates	6,300	14,421	9,228
Bulk feed bins	4,045	13,063	7,490
Feeding equpment	3,667	16,759	9,497
Watering equipment	2,398	9,413	9,046
Video equipment	1,916	3,473	2,003
Rental equipment	1,184	4,716	3,424
Sedation equipment	1,178	1,778	NA
Veterinary & Supplies			
Operating supplies	3,557	5,560	NA
Medical supplies	1,675	2,674	NA
Veterinary expense	2,257	4,121	NA
Lodge supplies	NA	5,237	5,183
Lodge food and beverages	NA	5,021	5,023
Labor			
Employees paid salary	2	2	2
Employees paid hourly	2	3	2
Total salary wages paid	35,613	65,801	39,608
Average annual salary wage expense	23,667	28,985	22,134
Total hourly wage paid	8,398	26,805	13,689
Average annual hourly wage expense	5,522	9,856	9,468
Outsourced services	4,042	16,456	12,097
Utilities			
Utilities	1,618	7,551	4,535
Fuel	2,103	10,070	5,104
Miscellaneous Expenses			
Insurance	1,915	5,916	3,663
Advertising/marketing	2,322	8,097	6,103
Travel	2,353	6,308	3,864
Property tax	2,473	6,564	4,068

utilities, insurance, advertising, and travel. Capital expenses refer to annualized capital costs for items such as land, improvements, fencing, buildings, breeding stock, feeding equipment, ATV's, and implements. Feed refers to the annual feed costs, including supplemental feed, hay, and bottle feeding supplies. Lastly, General costs cover the remainder of expenditures on items such as food plots, artificial insemination, veterinary, and disease monitoring.

Production

Table 2 contains a summary of production data across all respondents. Feed represents a little over 11 percent of total annual expenditures for breeding operations. From venison production to breeding stock operations, proper nutrition is essential to the physical health, development, and overall well being of all cervids. For breeding only operations with whitetails, 53 percent of respondents indicated bottle feeding their fawns, while only 29 percent of breeding and

Table 2: Average Production Data of Cervid Industry Survey Respondents.

	Breeding Only	Breeding & Hunting
Herd Inventory (Final 2005)		
Whitetail		
Males	21	49
Females	25	51
Fawns	23	48
Birth rate (2005)	1.3	1.2
Birth rate (2006)	1.4	1.3
Annual Mortality Rate	8%	7%
Elk		
Males	18	12
Females	24	9
Fawns	16	3
Fallow		
Males	43	3
Females	94	4
Fawns	50	*
Red Deer		
Males	46	47
Females	57	66
Fawns	35	27
Feeding		
Whitetail		
Fawns		
Percent bottle feeding	53%	29%
Percent of fawns bottle fed	53%	44%
Average bottle feeding days until weaning	98	91
After weaning		
Daily protein feed rate (lbs)	2	2
Daily hay feed rate (lbs)	1	1
Does		
Daily protein feed rate (lbs)	3	3
Daily hay feed rate (lbs)	2	1
Bucks		
Daily protein feed rate (lbs)	4	4
Daily hay feed rate (lbs)	2	2
Elk		
Males		
Daily protein feed rate (lbs)	6	6
Daily hay feed rate (lbs)	10	10
Females		
Daily protein feed rate (lbs)	4	7
Daily hay feed rate (lbs)	10	10
Fallow		
Males		
Daily protein feed rate (lbs)	0.4	2
Daily hay feed rate (lbs)	4	*
Females		
Daily protein feed rate (lbs)	0.3	2
Daily hay feed rate (lbs)	4	*
Red Deer		
Males		
Daily protein feed rate (lbs)	5	3
Daily hay feed rate (lbs)	7	3
Females		
Daily protein feed rate (lbs)	4	3
Daily hay feed rate (lbs)	6	3
Area of food plots (acres)	14	47
Seed	813	2,560
Fertilizer	1,011	2,777
Protien feed price (per ton)	318	305
Hay price (per ton)	193	268

* Insufficient results

hunting operations did. Of all species, bottle feeding is primarily practiced with whitetail fawns. Other species will not typically incur such management practices, where bottle feeding may only be utilized for orphaned or sick young.

On average, adult whitetail males were fed close to 4 pounds of supplemental feed per day, while elk consumed slightly over 6 pounds. All of the reported species were fed a protein concentrate and hay. Hay costs were extremely high during the study period due to severe drought conditions across most of the southern plains. In addition to purchased feed, 74 percent of all respondents reported planting food plots on their operations, ranging from half an acre to 500 acres.

When combining results, 70 percent of all breeding or breeding and hunting operation respondents indicated some type of breeding stock purchase. This would include purchases of breeder males, stocker males, bred females, open females, fawns, or semen straws. For whitetail, breeder bucks were the highest dollar expense, costing close to $21,000 each on average.

Hunting Operations

Operations with hunting reported other expenses in addition to those of breeding operations. Seventy-six percent of all respondents of operations that reported to be involved in hunting had a lodge on the premises for their clients. In addition to the roughly $170,000 cost of the lodge, these operations also accrued expenses to maintain and supply the lodge. Labor costs were reported to be higher than those of breeding operations due to an overall larger operation, as well as seasonal hunting guides. Food plots in the hunting areas tended to be larger, along with more feeders, waterers, and fencing, all contributing to the higher reported expenses. Although the majority of hunting operations accepted paying clients and corporate clients, 14 percent reported their hunting operation as personal use only. Of the whitetail hunting operations reporting, respondents estimated an average of 49 percent of the deer in their hunting areas are from breeding operations. Of all the respondents, 49 percent reported hiring labor, while 43 percent reported outsourcing labor and/or consulting needs. For breeding operations, those hiring salaried employees reported an annual expense in the mid $20,000 range. This expense increased to the mid $30,000 range for breeding and hunting operations. On the whole, labor hired on an hourly basis tended to be more prevalent than salaried labor.

Feed was the third largest expense category, representing a little over 11 percent of annual expenditures for breeding operations. Although it's not the largest expense category, feeding is considered to be one of the most important aspects of all operations. From venison production to breeding stock operations, proper nutrition is essential to the physical health, development, and overall well being of all cervid operations. For fawns, 45 percent of respondents indicated bottle feeding their young. Typical products used for bottle feeding ranged from goat's milk to different brands of milk replacer. On average, adult whitetail males were fed close to 4 pounds of supplemental feed per day, while elk consumed slightly over 6 pounds. Respondents indicated paying a little over $300 per ton for supplemental feed, while hay costs averaged around $240 per ton. In addition to purchased feed, 74 percent of all respondents reported planting food plots on their operations, ranging from half an acre to 500 acres.

Economic Impact

IMPLAN® (Impact Analysis for Planning), an input/output model, was used to estimate the economic impact of the cervid farming industry on the national economy. Originally developed by the USDA Forest Service, the IMPLAN model is now managed and maintained by the Minnesota IMPLAN Group (MIG). The model is, arguably, the most used and cited model for performing economic impact analyses in the United States.

The IMPLAN model is driven by purchases of final goods and services in a certain region, such as a state, a group of states, or the entire nation. These purchases represent the dollar value of the increase in finished goods and services demanded, and create an impact that ripples throughout the economy.

Industries produce goods and services for final use and purchase goods and services from other industries. These other producers and industries buy goods and services as well, which IMPLAN designates as indirect purchases. In addition, each step along the cycle pays wages and salaries to employees, who, in turn, make additional expenditures into the economy of the region.[2]

In determining the overall economic impact of an industry, the IMPLAN model uses a set of multipliers, separated by sector, to estimate the direct, indirect, and induced effects (induced being effects of household spending) of the economic cycle. Over 500 sector codes are included in the IMPLAN model, where each code represents a unique industrial sector that a specific product or category of products is represented by. The multipliers that are derived for each sector quantify the ripple effects of a dollar increase in final demand, thus resulting in an estimation of the economic impact.[3]

Cervid Industry

In determining the economic impact of the cervid farming industry, the categories of the survey were prepared for input into the IMPLAN model. This was accomplished by extrapolating the survey results against the inventory of operations to arrive at total industry expenditures for each category. These totals represent the value of final goods and services demanded by the industry, and were the baseline inputs for the IMPLAN model. Categories from the extrapolated survey results, such as supplemental feed or fencing, are then assigned a sector code according to the underlying industry the category relates to. Table 3 provides an example of category inputs and their multipliers from IMPLAN, with each category belonging to a different sector. Differences between the multipliers for each category demonstrate how dollars move throughout different industries. For instance, a $1 million change in final demand for supplemental feed will generate a total of $2.67 million in total industry output, $1.53 million in value added economic activity, and will support 24.34 jobs. In this example, total industry output would include the output generated by the supplemental feed industry and those industries that supply it. Value added from this industry includes employee compensation, proprietary income, other proprietor income, and indirect business taxes that are generated.[4] The employment multiplier represents the number of jobs that are supported per million dollar change in final demand.

[2] Lindall, Scott A. and Douglas C. Olson. "The IMPLAN Input-Output System." Minnesota IMPLAN Group. Available online, accessed February 5, 2007. http://www.implan.com/
[3] Ibid.
[4] Ibid.

Table 3: Cervid Industry Multipliers.

	Output	Value Added	Employment
Supplemental Feed	2.67	1.53	24.34
Food plots	3.18	1.72	46.12
Veterinar y	3.43	1.57	31.42
Utilities	2.04	1.23	8.48
Insurance	2.35	1.52	18.25
Maintenance and repair	3.01	1.57	24.68
Handling facility	2.93	1.61	25.61
Fencing	3.02	1.61	25.36
Large equipment	3.02	1.29	15.79
ATV's	2.73	1.59	22.96

Hunter Expenditures

An additional component in determining the economic impact of the industry is to evaluate and include the role of hunter expenditures in the consumption of industry products. Not all hunting is related to cervid farming, but some is, therefore it is important to include only that which is related to this industry. In other words, the hunting product of cervid farming is a small part of overall cervid hunting in the United States. Yet the hunting component or economic activity associated with deer farming is an important part of the economic activity generated by the cervid farming industry. While overall hunter numbers in the United States are down, the demand for trophy hunting appears to be increasing. Dollars spent on hunting, assorted gear, and travel continue to grow. Time is increasingly the limiting factor for many industry participants, as they have the money to participate, but not the time to invest in traditional hunting. The growth of this segment of the industry is expected to continue, therefore, it is important to include this aspect of the industry in this study.

In order to determine this impact, the number of hunters per operation was taken from the survey, extrapolated against all hunting operations, and combined with a report that outlines hunting expenditures on a per hunter basis. This report, entitled the "Economic Importance of Hunting in America",[5] was based on the 2001 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation survey conducted by the U.S. Fish and Wildlife Service and the U.S. Census Bureau. These retail expenditures were then combined with other hunt related expenditures, such as trophy and processing fees, and assigned sector codes for the IMPLAN model. When totaled, less than 1 percent of the report's estimated 11 million deer hunters are related to the cervid farming industry. However, this small percentage of hunters account for over 2 percent of the report's estimated $10 billion in retail, travel, and hunt related expenditures.

Results

Table 4 below provides a summary of the economic impact of the industry. Cervid operations generate an estimated $893.5 million in direct expenditures into the U.S. economy. This value represents the estimated increase in final demand of all goods and services consumed by the industry. As these direct expenditures ripple throughout the economy, the cervid farming industry generates an estimated $2.3 billion of total industry output for all industries that supply the cervid farming industry. These industries include feed suppliers, farm and ranch supply stores, veterinary services, medical and sedation product suppliers, construction, utilities, advertising, insurance, and numerous others. Hunters contribute an additional $241 million in direct economic impacts through retail and hunt related expenditures, which generates a total of $756.9 million of total industry output.

When combined, the cervid farming industry generates $3 billion of economic activity and output in the U.S. economy. The industry provides the economic activity that supports 29,199 jobs in the economy, most of which are located in rural areas of the nation. If this industry were to disappear, these jobs would have to find support from some other sector of the economy. Unfortunately, not every segment of the industry could be analyzed. Insufficient industry and survey data limited analysis to only the operational aspects of both the venison and scent collection industries, as production and retail revenues were excluded from the analysis.

[5] "Economic Importance of Hunting in America." Produced by Southwick Associates, Inc. for the International Association of Fish and Wildlife Agencies, 2002. Available online, accessed August 10, 2006. http://www.southwickassociates.com/freereports/default.aspx

Table 4: Economic Impact of the Cervid Farming Industry.

	Direct	Output	Value Added	Employment
All Operations	893,501,559	2,333,462,511	1,276,311,405	21,070
Hunters	241,042,970	756,897,725	358,602,855	8,129
Total	1,134,544,528	3,090,360,236	1,634,914,260	29,199

Conclusion

With over 7,000 operations and 2,000 hunting preserves, the cervid farming industry has an established presence across the nation. The majority of these operations are located in rural areas of the nation. In addition, while traditional forms overwhelmingly dominate the hunting industry, the small niche of hunters this market serves continues to increase. This increase in demand is fueling the growth in the breeding industry. Over $1.1 billion in direct expenditures are poured into the U.S. economy each year by commercial farming operations and sportsmen related to this industry. In turn, this generates $3 billion of economic activity while supporting 29,199 jobs. All told, these results highlight the fact that the cervid farming industry continues to be a vital contributor to the rural economies of the United States.

Appendix A: National Cervid Industry Survey

National Cervid Industry - Economic Impact Survey

Instructions are provided at the end of this survey. Include annualized 2005 figures where appropriate.

Please indicate type of operation (check all that apply)
Cervid Breeding (includes venison and urine collection) ☐ **Cervid Hunting** ☐ **Cervid Breeding and Hunting** ☐

Cervid Breeding

***Please select type of cervid breeding operation*:** **Breeding only** ☐ **Commercial Venison** ☐ **Commercial Urine Collection** ☐

I. Operation

1. Year started: _____ 2. State: _____
3. Total acreage: _____ acres 4. Area under high fence: _____ acres
5. Area of land purchased: _____ acres 5a. Purchase value: $_____ (per acre)
6. Area of land inherited: _____ acres

II. Herd Inventory

1. Inventory (Final 2005 figures)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Males:										
Females:										
Fawns/calves:										
Birth rate (2005):										
Birth rate (2006):										
Annual mortality rate (%):										

2. Annual Purchases (Final 2005 figures)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Males (#):										
Total Cost:										
Females (#):										
Total Cost:										
Fawns/calves (#):										
Total Cost:										
Semen straws (#):										
Total Cost:										

III. Facilities

1. Area of breeding operation: _____ acres 1a. Number of pens: _____
2. Area of venison operation: _____ acres 2a. Number of pens: _____
3. Area of urine collection operation: _____ acres 3a. Number of pens: _____
4. Capital cost of fencing: $_____ 5. Capital cost of shelters: $_____
6. Capital cost of improvements: $_____ 7. Capital cost of additional buildings: $_____
8. Capital cost of working pens: $_____
9. Do you have a handling facility? ☐ Yes ☐ No 9a. If yes, capital cost of this facility: $_____
10. Do you have a venison processing facility? ☐ Yes ☐ No 10a. If yes, capital cost of this facility: $_____
11. Do you have a cooler/freezer for venison? ☐ Yes ☐ No 11a. If yes, capital cost of this equipment: $_____
12. Do you have a urine collection facility? ☐ Yes ☐ No 12a. If yes, capital cost of this facility: $_____
13. Do you have a cooler/freezer for urine? ☐ Yes ☐ No 13a. If yes, capital cost of this equipment: $_____

Cervid Breeding, continued

IV. Equipment

1. Purchase price of all large equipment, combined (i.e. tractor + bobcat): $_____
2. Purchase price of all ATVs, combined: $_____
3. Purchase price of all ranch vehicles, combined: $_____
4. Purchase price of all implements, combined: $_____
5. Purchase price of all trailers/transport crates, combined: $_____
6. Purchase price of all bulk feed bins, combined: $_____
7. Purchase price of all feeding equipment, combined: $_____
8. Purchase price of all watering equipment, combined: $_____
9. Purchase price of all video equipment, combined: $_____
10. Annual cost of rental equipment: $_____
11. Purchase price of semen storage tank(s): $_____
12. Purchase price of dart gun/sedation equipment: $_____
13. Purchase price of packaging equipment (venison and urine products): $_____

V. Veterinary & Supplies

1. Annual cost of operating supplies: $_____ 2. Annual cost of medical supplies: $_____
3. Annual veterinary expense: $_____ 4. Average cost per sedation: $_____
5. Number of necropsies performed: _____ 5a. Average cost per necropsy: $_____
6. Number of CWD tests performed: _____ 6a. Average cost per CWD test: $_____
7. Number of deer DNA certified: _____ 7a. Annual cost for DNA certification: $_____
8. Average annual number of sedations (per animal, per species):

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Males:										
Females:										

9. Annual number of females AI'd (per species):

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Females AI'd:										

VI. Labor

1. Number of employees: 1a. Paid salary: _____ 1b. Paid hourly: _____
2. Total annual wages paid: 2a. Salaries: $_____ 2b. Hourly: $_____
3. Annual expense from outsourced services: $_____

VII. Utilities

1. Annual cost of utilities: $_____
2. Annual cost of fuel: $_____

VIII. Miscellaneous Expenses

1. Annual advertising/marketing expense (includes taxidermy services): $_____
2. Annual regulatory expense (permits): $_____
3. Annual meat inspection/nutrition labeling expense: $_____
4. Annual insurance expense: $_____
5. Annual travel expense: $_____
6. Annual property tax: $_____
7. Annual cost of maintenance and repair: $_____

Cervid Breeding, continued

IX. Feeding

Fawns/Calves

1. Do you bottle feed? ☐ Yes (continue below) ☐ No (skip to 2)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Percent of all fawns/calves:										
Days fed until weaning:										
Product used:										
Product price per gal/bag/lb:										
Units fed until weaning:										

2. After weaning: (units are pounds per animal)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Daily protein feed rate:										
Daily hay feed rate:										

Adults

1. Feeding rates: (units are pounds per animal)

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Males:										
Daily protein feed rate:										
Daily hay feed rate:										
Females:										
Daily feed rate:										
Daily hay feed rate:										

2. Protein feed price: $_____ (per bag/ton)
3. Hay price: $_____ (per bale) 3a. Average bale weight: _____ lbs
4. Annual protein feed purchase: _____ tons
5. Annual hay purchase: _____ bales
6. Approximate area of food plots: _____ acres
   6a. Annual cost of seed: $_____
   6b. Annual cost of fertilizer: $_____

X. Annual Sales

Annual receipts from breeding operation

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
1. Males sold:										
1a. Total Receipts:										
2. Females sold:										
2a. Total Receipts:										
3. Fawns/calves sold:										
3a. Total Receipts:										
4. Semen straws sold:										
4a. Total Receipts:										

Cervid Breeding, continued

Annual receipts from commercial venison production

	Elk	Fallow	Red Deer	Reindeer	Other:
1. Annual number processed:					
2. Average processing yield per animal (lbs):					
3. General processing cost per animal:					
4. Specialty processing cost – summer sausage, jerky, etc. (per pound):					
5. Amount of specialty processing per animal (lbs):					
6. Total receipts from all venison sales:					

7. Annual packaging, shipping, and labeling expense for venison: $_____
8. Annual number of animals used to collect velvet: _____
9. Annual amount of velvet processed: _____ lbs
10. Processing cost of velvet: $_____ (per pound)
11. Total receipts from velvet products: $_____
12. Annual packaging, shipping, and labeling expense for velvet products: $_____
13. Annual amount of shed/cut antlers sold: _____ lbs
    13a. Total receipts from antler sales: $_____
14. Total receipts from other by-products (hides, pizzles, etc.): $_____
15. Annual number of males sold as breeding stock: _____ 15a. Total receipts: $_____
16. Annual number of females sold as breeding stock: _____ 16a. Total receipts: $_____
17. Annual number of males sold to hunting preserves: _____ 17a. Total receipts: $_____
18. Annual number of females sold to hunting preserves: _____ 18a. Total receipts: $_____

Annual receipts from urine collection

1. Total number of males used for collection: _____
2. Annual amount of urine collected from males: _____ gal
   2a. Total receipts from male urine sales: $_____
3. Total number of females used for collection: _____
4. Annual amount of non-estrous urine collected from females: _____ gal
   4a. Total receipts from non-estrous urine sales: $_____
5. Annual amount of estrous urine collected from females: _____ gal
   5a. Total receipts from estrous urine sales: $_____
6. Annual packaging, shipping, and labeling expense for urine sales: $_____
7. Total receipts from other scent sales: $_____
8. Annual number of males sold as breeding stock: _____ 8a. Total receipts: $_____
9. Annual number of females sold as breeding stock: _____ 9a. Total receipts: $_____
10. Annual number of males sold to hunting preserves: _____ 10a. Total receipts: $_____
11. Annual number of females sold to hunting preserves: _____ 11a. Total receipts: $_____

Hunting

For combination hunting and breeding operations, please separate hunting operation expenses from breeding operation expenses. Include annualized 2005 figures where appropriate.

What is the purpose of your hunting operation? ☐ Personal use only ☐ Corporate clients, no fee ☐ Paying clients

I. Operation

1. Year started: _____ 2. State: _____
3. Total acreage: _____ acres 4. Land inherited: _____ acres
5. Land purchased: _____ acres 5a. Purchase value: $_____ (per acre)
6. Area of hunting operation: _____ acres

II. Facilities

1. Capital cost of lodge(s): $_____
2. Capital cost of fencing: $_____
3. Capital cost of improvements: $_____
4. Capital cost of buildings: $_____
5. Approximate area of food plots: _____ acres
   - 5a. Annual cost of seed: $_____
   - 5b. Annual cost of fertilizer: $_____

III. Equipment

1. Purchase price of all large equipment combined (i.e. tractor + bobcat): $_____
2. Purchase price of all ATVs, combined: $_____
3. Purchase price of all ranch vehicles, combined: $_____
4. Purchase price of all implements, combined: $_____
5. Purchase price of all trailers/transport crates, combined: $_____
6. Purchase price of all bulk feed bins, combined: $_____
7. Purchase price of all feeding equipment, combined: $_____
8. Purchase price of all watering equipment, combined: $_____
9. Purchase price of all video equipment, combined: $_____
10. Annual cost of rental equipment: $_____
11. Purchase price of cooler/freezer equipment: $_____
12. Purchase price of other equipment: $_____

IV. Supplies

1. Annual amount of protein feed purchased: _____ tons 1a. Protein feed unit price: $_____ (per bag/ton)
2. Annual amount of corn purchased: _____ tons 2a. Corn unit price: $_____ (per bag/ton)
3. Annual cost of operating supplies for lodge: $_____
4. Annual cost of food and beverages for lodge: $_____

V. Labor

1. Number of employees: 1a. Salary: _____ 1b. Hourly: _____
2. Total annual wages paid: 2a. Salaries: $_____ 2b. Hourly: $_____
3. Annual expense from outsourced services: $_____

Hunting, continued

VI. Utilities

1. Annual cost of utilities: $_____
2. Annual cost of fuel: $_____

VII. Miscellaneous Expenses

1. Annual insurance expense: $_____
2. Annual advertising/marketing expense (includes taxidermy services): $_____
3. Annual travel expenses: $_____
4. Annual property tax: $_____
5. Annual cost of maintenance and repair: $_____
6. Other annual miscellaneous expenses: $_____

VIII. Hunters

	Whitetail	Elk	Mule Deer	Axis	Fallow	Red Deer	Reindeer	Sika	Pere David's	Muntjak
Annual number of hunters, per cervid:										
Total cervids in hunting area :										
Percentage of total cervids that are from breeding:										
Number of males released from breeding area into hunting area:										
Number of females released from breeding area into hunting area:										
Number of males purchased for release into hunting area:										
Total expense:										
Number of females purchased for release into hunting area:										
Total expense:										
Annual trophy male harvest:										
Total receipts:										
Annual management male harvest:										
Total receipts:										
Annual female harvest:										
Total receipts:										
Average processing cost, per cervid:										
Percent of all harvested males seeking taxidermy services:										
Average taxidermy cost:										

National Cervid Industry - Economic Impact Survey
North American Deer Farmers Association Members

****All information collected in this survey will remain <u>confidential</u>****

Survey Instructions

1. This survey is to be completed by cervid breeding operations (including venison production and urine collection operations), combination cervid breeding and hunting operations, and hunting operations that utilize outside cervid breeding operations as a genetic supplement for their cervid herd. All other industry participants may disregard this survey.
2. For the sections and categories below, please provide annualized 2005 records of actual or accurate estimates of expenditures rather than a range estimate of expenditures.
3. **For combination breeding and hunting operations, please separate breeding operation records from hunting operation records. Contact us for additional surveys if you have multiple permitted breeding and/or hunting operations.**
4. **It is important to use the provided categories for records for each section, rather than combining records from breeding and hunting operations and submitting that in a breeding or hunting category. Please provide an accurate estimate when your records do not match these categories.**
5. If a question does not apply to your operation, please indicate this with an "N/A" response.
6. Please indicate units (lbs, tons, gals, etc.) where applicable.
7. For further explanation of general and selected lines of the survey, please refer to the information below.

Cervid Breeding (Breeding only, Venison production, Urine Collection)

Please indicate the purpose of your breeding operation by checking all boxes that apply.

<u>I. Operation</u>: This category provides for a general overview of your operation. *Purchase value* refers to the cost per acre for the initial purchase of the land.

<u>II. Herd Inventory</u>: This category refers to your final 2005 cervid inventory and final 2005 purchases (please include number purchased with total cost) towards this inventory. *Annual mortality rate* refers to the annual mortality loss on entire herd, including the loss of fawns/calves after weaning. *Birth rate* refers to the number of surviving fawns/calves born per bred female, specifically, the total number of live fawns/calves at weaning divided by the total number of bred females (i.e. 1.5, 2.3, etc.).

<u>III. Facilities</u>: This category refers to your operational specific facilities. *Capital cost* refers to the overall cost of construction for each of the items listed, including clearing, foundation, electrical, plumbing, etc. *Capital cost of improvements* refers to land clearing, roads, forage, water (well drilling, ponds), etc.

<u>IV. Equipment</u>: *Purchase price* refers to the original cost of the equipment at purchase, not an annualized loan payment. *Large equipment* refers to tractors, bobcats, dozers, etc., used in your operation. Please combine all applicable equipment into one figure for lines 1-9.

<u>V. Veterinary & Supplies</u>: *Annual cost of operating supplies* refers to the yearly expense for all operating supplies, such as office supplies, sedation supplies, AI supplies, etc. *Annual cost of medical supplies* refers to the yearly expense for medicine, syringes, etc. *Average cost per sedation* refers to the average expense of supplies and labor to sedate or dart an animal. *Number of necropsies performed* refers to the number of post mortality veterinary examinations performed to determine the cause of death. *Average cost per necropsy* refers to the average labor and labwork expense of performing a necropsy on a single animal. *Average cost per CWD test* refers to the average labor and labwork expense of performing a CWD test.

<u>VI. Labor</u>: This category refers to the labor expense for your breeding operation. Owners, spouses, and children must be accounted for in this category as an employee(s) and in total wages, if paid labor is performed by these individuals. *Total wages paid* refers to annual wages for all employees. Owner/operators must include amount allotted or withdrawn for family living for line 2a. *Annual expense from outsourced services* refers to all additional contracted labor from those not on the payroll, including consulting services, accounting services, legal services, herd survey services, etc.

<u>VII. Utilities</u>: This category refers to the annual utilities expense for electric, phone, water, sewage, refuse disposal, etc., and the annual fuel expense for your breeding operation.

<u>VIII. Miscellaneous Expenses</u>: *Annual advertising/marketing expense* refers to the annual cost of advertising and marketing materials, which includes taxidermy services for genetic display (horn molds, shed mounts, deceased buck mounts, etc.). *Annual regulatory expense* refers to the annual cost of regulatory operating permits, if applicable to your state. *Annual meat inspection expense* refers to the annual cost to venison production operations for state or federal meat inspection. *Annual insurance expense* refers to the yearly cost of auto, property, liability, health, etc. insurance. *Annual travel expense* refers to the annual cost of travel, such as fuel, food, lodging, airfare, etc. *Annual cost of maintenance and repair* refers to all maintenance and repair for facilities, equipment, fencing, roads, etc.

<u>IX. Feeding</u>: This category relates to feeding rates of fawns/calves and adults in your operation. For those who bottle feed fawns/calves, please indicate the percent of all fawns/calves that are bottle fed for, the number of days of bottle feeding until weaned, the product used (i.e. goat milk, milk replacer, etc.), the per unit product price (please indicate units-gal, bags, lbs), and the number of units of this product used per fawn until weaning for each cervid species in your operation.

<u>X. Annual Sales</u>: This category relates to the final 2005 revenue inflows of your operation. Receipts are categorized for breeding operations, commercial venison operations, and commercial urine operations. Please separate records for each these categories that apply to your operation.

Cervid Hunting

Please indicate the purpose of your hunting operation by checking all boxes that apply

<u>I. Operation</u>: *Area of hunting operation* refers to the total acreage dedicated to your hunting operation. *Purchase value* refers to the cost per acre for the initial purchase of the land.

<u>II. Facilities</u>: *Capital cost* refers to the overall cost of construction for each of the items listed, including clearing, foundation, electrical, plumbing, etc. *Capital cost of improvements* refers to land clearing, roads, forage, water (well drilling, ponds), etc.

<u>III. Equipment</u>: *Purchase price* refers to the original cost of the equipment at purchase, not an annualized loan payment. *Large equipment* refers to tractors, bobcats, dozers, etc., used in your breeding operation. Please combine all applicable equipment into one figure for lines 1-9.

<u>IV. Supplies</u>: This category relates to final 2005 expenses for supplemental feed, corn, operating, and food and beverage supplies.

<u>V. Labor</u>: This category refers to the labor expense for your hunting operation. Owners, spouses, and children must be accounted for in this category as an employee(s) and in total wages, if paid labor is performed by these individuals. *Total wages paid* refers to annual wages for all employees. Owner/operators must include amount allotted or withdrawn for family living for line 2a. *Annual expense for outsourced services* refers to all additional contracted labor from those not on the payroll, including consulting services, accounting services, legal services, herd survey services, etc.

<u>VI. Utilities</u>: This category refers to the annual utilities expense for electric, phone, water, sewage, refuse disposal, etc., and the annual fuel expense for your hunting operation.

<u>VII. Miscellaneous Expenses</u>: *Annual insurance expense* refers to the yearly cost of auto, property, liability, health, etc. insurance. *Annual advertising/marketing expense* refers to the annual cost of advertising and marketing materials, which includes taxidermy services for display. *Annual travel expense* refers to the annual cost of travel, such as fuel, food, lodging, airfare, etc. *Annual cost of maintenance and repair* refers to all maintenance and repair for facilities, equipment, fencing, roads, etc.

<u>VIII. Hunters</u>: *Total expense* refers to the cost of purchasing, sedating, and transporting cervids for release into hunting operation. *Average processing cost* refers to the cost of processing each harvested cervid. If in-house processing occurs, please provide an accurate estimate of this cost based on local processor costs. *Percent of all harvested seeking taxidermy services* relates to the percentage of all harvested cervids that will have some type of taxidermy service performed, such as a shoulder or full body mount. *Average taxidermy cost, per cervid* allows for the average per cervid expense of this service for the hunter from your local taxidermist.

We thank you in advance for taking the time to complete this survey. Upon completion, please return the survey with the enclosed envelope. Questions or requests for additional surveys may be directed to Brian Frosch at 888-890-5663.

Appendix B: Economic Impact Survey

Economic Impact Survey

Please indicate type of operation

Scientific Breeding Only ☐ **Scientific Breeding and Hunting** ☐ **Hunting only** ☐

Scientific Breeding

Instructions and clarification are provided at the end of this survey. For Hunting only operations, please skip to the hunting section. Include annualized 2005 figures where appropriate.

I. Operation

1. Year started: _____ 2. Area of breeding operation: _____ (acres)
3. Land purchased: _____ (acres) 3a. Purchase value: $_____ (per acre)
4. Land inherited: _____ (acres)

II. Herd Inventory (Final 2005 Inventory)

1. Total number of deer: _____
2. Number of breeder bucks: _____ 3. Number of stocker bucks: _____ 4. Does: _____
5. Fawns, 2005: _____ 5a. Fawning rate (surviving at weaning): _____ (fawns per doe)
6. Fawns, 2006: _____ 6a. Fawning rate (surviving at weaning): _____ (fawns per doe)
7. Annual herd mortality rate (including fawns after weaning): _____ %
8. Annual sales (Final 2005 figures) 9. Annual purchases (Final 2005 figures)

Breeder bucks (#):	Total receipts: $	Breeder bucks (#):	Total cost: $
Stocker bucks (#):	Total receipts: $	Open does (#):	Total cost: $
Open does (#):	Total receipts: $	Bred does (#):	Total cost: $
Bred does (#):	Total receipts: $	Buck fawns (#):	Total cost: $
Buck fawns (#):	Total receipts: $	Doe fawns (#):	Total cost: $
Doe fawns (#):	Total receipts: $	Semen Straws (#):	Total cost: $
Semen Straws (#):	Total receipts: $		

III. Facilities

1. Number of pens: _____ 2. Area of pens: _____ (acres)
3. Capital cost of fencing: $_____ 4. Capital cost of shelters: $_____
5. Capital cost of improvements: $_____
6. Capital cost of buildings: $_____ 7. Capital cost of working pens: $_____
8. Do you have a handling facility? ☐ Yes ☐ No 8a. If yes, capital cost of handling facility: $_____
9. Approximate area of food plots: _____ (acres)
   9a. Annual cost of seed: $_____
   9b. Annual cost of fertilizer: $_____
10. Annual cost of maintenance and repair: $_____

IV. Equipment

1. Purchase price of all large equipment, combined (i.e. tractor + bobcat): $_____
2. Purchase price of all ATV(s), combined: $_____
3. Purchase price of all ranch vehicle(s), combined: $_____
4. Purchase price of all implements, combined: $_____
5. Purchase price of all trailer(s)/transport crate(s), combined: $_____
6. Purchase price of all bulk feed bin(s), combined: $_____
7. Purchase price of all feeding equipment, combined: $_____

Scientific Breeding, continued

8. Purchase price of all watering equipment, combined: $_____
9. Purchase price of all video equipment, combined: $_____
10. Annual cost of rental equipment: $_____
11. Purchase price of semen storage tank(s): $_____
12. Purchase price of dart gun/sedation equipment: $_____

V. Veterinary & Supplies

1. Annual cost of operating supplies: $_____ 2. Annual cost of feed and hay: $_____
3. Annual cost of medical supplies: $_____ 4. Annual veterinary expense: $_____
5. Annual number of sedations: _____ (per doe) 6. Annual number of sedations: _____ (per buck)
7. Average cost per sedation: $_____ 8. Number of does AI'd: _____
9. Number of necropsies performed: _____ 9a. Average cost per necropsy: $_____
10. Number of CWD tests performed: _____ 10a. Average cost per CWD test: $_____
11. Number of deer DNA certified: _____ 11a. Annual cost for DNA certification: $_____

VI. Labor

1. Number of employees: 1a. Paid salary: _____ 1b. Paid hourly: _____
2. Total wages paid: 2a. Salaries: $_____ 2b. Hourly: $_____
3. Annual expense from outsourced services: $_____

VII. Utilities

1. Annual cost of utilities: $_____
2. Annual cost of fuel: $_____

VIII. Miscellaneous Expenses

1. Annual insurance expense: $_____
2. Annual advertising/marketing expense (includes taxidermy services): $_____
3. Annual travel expense: $_____
4. Annual property tax: $_____

IX. Feeding

Fawns

1. Do you bottle feed your fawns? ☐ Yes (continue with 1a-1e) ☐ No (skip to 2)
   1a. If yes, what percent of all fawns? _____% 1b. Average bottle feeding days until weaning: _____
   1c. What product do you use? _____
   1d. Units fed per fawn until weaning: _____ (gal/bags/lbs) 1e. Product price: $_____ (per gal/bag/lb)
2. After weaning: 2a. Approximate daily feed rate: _____ (lbs per fawn) 2b. Feed price: $_____ (per bag/ton)
   2c. Approximate alfalfa/hay daily feed rate: _____ (lbs per fawn) 2d. Alfalfa/hay price: $_____ (per bale)
   2e. Average bale weight: _____lbs

Does

1. Approximate daily feed rate: _____ (lbs per doe) 2. Feed price: $_____ (per bag/ton)
3. Approximate alfalfa/hay daily feed rate: _____ (lbs per doe)

Bucks

1. Approximate daily feed rate: _____ (lbs per buck) 2. Feed price: $_____ (per bag/ton)
3. Approximate alfalfa/hay daily feed rate: _____ (lbs per buck)

Hunting

Instructions and clarification are provided at the end of this survey. For combination Scientific Breeding & Hunting operations, please separate hunting expenses from breeding expenses. Include annualized 2005 figures where appropriate.

What is the purpose of your hunting operation? ☐ Personal use only ☐ Corporate clients, no fee ☐ Paying clients

I. Operation

1. Year started: _____ 2. Area of hunting operation: _____ (acres)
3. Land purchased: _____ (acres) 3a. Purchase value: $_____ (per acre)
4. Land inherited: _____ (acres)

II. Facilities

1. Capital cost of lodge(s): $_____
2. Capital cost of fencing: $_____
3. Capital cost of improvements: $_____
4. Capital cost of buildings: $_____
5. Annual cost of maintenance and repair: $_____
6. Approximate area of food plots: _____ (acres)
   6a. Annual cost of seed: $_____
   6b. Annual cost of fertilizer: $_____

III. Equipment

1. Purchase price of all large equipment combined (i.e. tractor + bobcat): $_____
2. Purchase price of all ATV(s), combined: $_____
3. Purchase price of all ranch vehicle(s), combined: $_____
4. Purchase price of all implements, combined: $_____
5. Purchase price of all trailer(s)/transport crate(s), combined: $_____
6. Purchase price of all bulk feed bin(s), combined: $_____
7. Purchase price of all feeding equipment, combined: $_____
8. Purchase price of all watering equipment, combined: $_____
9. Purchase price of all video equipment, combined: $_____
10. Annual cost of rental equipment: $_____
11. Purchase price of dart gun/sedation equipment: $_____
12. Purchase price of cooler/freezer equipment: $_____
13. Purchase price of other equipment: $_____

IV. Supplies

1. Annual amount of protein feed purchased: _____ (tons) 1a. Protein feed unit price: $_____ (per bag/ton)
2. Annual amount of corn purchased: _____ (tons) 2a. Corn unit price: $_____ (per bag/ton)
3. Annual cost of operating supplies for lodge: $_____
4. Annual cost of food and beverages for lodge: $_____

V. Labor

1. Number of employees: 1a. Salary: _____ 1b. Hourly: _____
2. Total wages paid: 2a. Salaries: $_____ 2b. Hourly: $_____
3. Annual expense from outsourced services: $_____

Hunting, continued

VI. Utilities

1. Annual cost of utilities: $_____
2. Annual cost of fuel: $_____

VII. Miscellaneous Expenses

1. Annual insurance expense: $_____
2. Annual advertising/marketing expense (includes taxidermy services): $_____
3. Annual travel expenses: $_____
4. Annual property tax: $_____
5. Other annual miscellaneous expenses: $_____

VIII. Hunters

1. Annual number of hunters: _____
2. Total annual deer harvest: _____
3. Approximate total number of deer in hunting area: _____
   3a. Approximate percentage of total deer in the hunting area that are from breeding: _____
4. Annual number of stocker bucks released from breeding operation into hunting operation: _____
5. Annual number of does released from breeding operation into hunting operation: _____
6. Annual number of stocker bucks purchased for release into hunting operation: _____
   6a. Total expense: $_____
7. Annual number of does purchased for release: _____
   7a. Total expense: $_____
8. Annual number of does harvested: _____
   8a. Total receipts from doe hunts: $_____
9. Annual number of management bucks harvested: _____
   9a. Total receipts from management buck hunts: $_____
10. Annual number of trophy bucks harvested: _____
    10a. Total receipts from trophy buck hunts: $_____
11. Average processing cost: $_____ (per deer)
12. Approximate percentage of harvested bucks seeking taxidermy services: _____%
13. Average taxidermy cost: $_____ (per deer)

APPENDIX

Economic Impact Survey
Texas Deer Association Members

****All information collected in this survey will remain <u>confidential</u>****

Survey Instructions

1. This survey is to be completed by scientific breeding operations, combination scientific breeding and hunting operations, and hunting operations that utilize outside scientific breeding operations as a genetic supplement for their deer herd. All other industry participants may disregard this survey.
2. For the sections and categories below, please provide annualized 2005 records of actual or accurate estimates of expenditures rather than a range estimate of expenditures.
3. For those who have multiple facilities under separate permits (uniquely identified), please contact us for additional surveys for each operation.
4. **It is important to separate records for each facility, and between hunting and breeding operations. Contact us for additional surveys if you have multiple permitted breeding and/or hunting operations.**
5. **It is also important to use the provided categories for records for each section, rather than combining records from breeding and hunting operations and submitting that in a breeding or hunting category. Please provide an accurate estimate when your records do not match these categories.**
6. If a question does not apply to your operation, please indicate this with an "N/A" response.
7. Please indicate units (lbs, tons, gals, etc.) where applicable.
8. For further explanation of general and selected lines of the survey, please refer to the information below.

Scientific Breeding

<u>I. Operation</u>: *Area of breeding operation* refers to the total acreage dedicated to your breeding operation. *Purchase value* refers to the cost per acre for the initial purchase of the land.

<u>II. Herd Inventory</u>: This category refers to your herd inventory, fawning rate, purchases and sales towards your inventory for 2005, and number the of fawns born and fawning rate for 2006. *Annual herd mortality rate* refers to the annual mortality loss on the total breeding herd, including loss of fawns after weaning. *Fawning rate* refers to the number of surviving fawns born per doe, specifically, the total number of live fawns at weaning divided by the total number of bred does (i.e. 0.7, 1.5, 2.3, etc.).

<u>III. Facilities</u>: *Area of pens* refers to the total acreage enclosed by all pens combined. *Capital cost* refers to the overall cost of construction for each of the items listed, including clearing, foundation, electrical, plumbing, etc. *Capital cost of improvements* refers to land clearing, roads, forage, water (well drilling, ponds), etc. *Annual cost of maintenance and repair* refers to all maintenance and repair for facilities, equipment, fencing, roads, etc.

<u>IV. Equipment</u>: *Purchase price* refers to the original cost of the equipment at purchase, not an annualized loan payment. *Large equipment* refers to tractors, bobcats, dozers, etc., used in your breeding operation. Please combine all applicable equipment into one figure for lines 1-9.

<u>V. Veterinary & Supplies</u>: *Annual cost of operating supplies* refers to the yearly expense for all operating supplies, such as office supplies, sedation supplies, AI supplies, etc. *Annual cost of medical supplies* refers to the yearly expense for medicine, syringes, etc. *Annual number of sedations* refers to the average annual number of sedations on a per doe/buck basis. *Average cost per sedation* refers to the average expense of supplies and labor to sedate or dart a deer. *Number of necropsies performed* refers to the number of post mortality veterinary examinations performed to determine the cause of death. *Average cost per necropsy* refers to the average labor and labwork expense of performing a necropsy on a single deer. *Average cost per CWD test* refers to the average labor and labwork expense of performing a CWD test.

<u>VI. Labor</u>: This category refers to the labor expense for your breeding operation. Owners, spouses, and children must be accounted for in this category as an employee(s) and in total wages, if labor is performed by these individuals. *Total wages paid* refers to annual wages for all employees. Owner/operators must include amount allotted or withdrawn for family living for line 2a. *Annual expense from outsourced services* refers to all additional contracted labor from those not on the payroll, including consulting services, accounting services, legal services, herd survey services, etc.

<u>VII. Utilities</u>: This category refers to the annual utilities expense for the annual electric, phone, water, sewage, refuse disposal, etc., and the annual fuel expense for breeding operations.

<u>VIII. Miscellaneous Expenses</u>: *Annual insurance expense* refers to the yearly cost of auto, property, liability, health, etc. insurance. *Annual advertising/marketing expense* refers to the annual cost of advertising and marketing materials, which includes taxidermy services for genetic display (horn molds or shed mounts, or deceased buck mounts). *Annual travel expense* refers to the annual cost of travel, such as fuel, food, lodging, airfare, etc.

<u>IX. Feeding</u>: This category relates to feeding rates for fawns, bucks, and does. For those who bottle feed fawns, please indicate the percent of all fawns that are bottle fed, number of days of bottle feeding until weaning, the product used (i.e. goat milk, milk replacer, etc.), units of this product used per fawn until weaning, the per unit product price (please indicate units-gal, bags, lbs).

Hunting

<u>I. Operation</u>: *Area of hunting operation* refers to the total acreage dedicated to your hunting operation. *Purchase value* refers to the cost per acre for the initial purchase of the land.

<u>II. Facilities</u>: *Capital cost* refers to the overall cost of construction for each of the items listed, including clearing, foundation, electrical, plumbing, etc. *Capital cost of improvements* refers to land clearing, roads, forage, water (well drilling, ponds), etc. *Annual cost of maintenance and repair* refers to all maintenance and repair for facilities, equipment, fencing, roads, etc.

<u>III. Equipment</u>: *Purchase price* refers to the original cost of the equipment at purchase, not an annualized loan payment. *Large equipment* refers to tractors, bobcats, dozers, etc., used in your breeding operation. Please combine all applicable equipment into one figure for lines 1-9.

<u>IV. Supplies</u>: This category relates to supplemental feed, corn, operating, food, and beverage supplies for hunting operations on an annualized basis.

<u>V. Labor</u>: This category refers to the labor expense for your breeding operation. Owners, spouses, and children must be accounted for in this category as an employee(s) and in total wages, if labor is performed by these individuals. *Total wages paid* refers to annual wages for all employees. Owner/operators must include amount allotted or withdrawn for family living for line 2a. *Annual expense for outsourced services* refers to all additional contracted labor from those not on the payroll, including consulting services, accounting services, legal services, herd survey services, etc.

<u>VI. Utilities</u>: This category refers to the annual utilities expense for the annual electric, phone, water, sewage, refuse disposal, etc., and the annual fuel expense for hunting operations.

<u>VII. Miscellaneous Expenses</u>: *Annual insurance expense* refers to the yearly cost of auto, property, liability, health, etc. insurance. *Annual advertising/marketing expense* refers to the annual cost of advertising and marketing materials, which includes taxidermy services for display. *Annual travel expense* refers to the annual cost of travel, such as fuel, food, lodging, airfare, etc.

<u>VIII. Hunters</u>: This category relates to the annual number of hunters, number of deer harvested, number of deer purchased and/or released into hunting operation, and the expenses and receipts from hunting. *Total expense* in lines 6a & 7a refer to the cost of purchasing, sedating, and transporting deer for release into hunting operation. *Average processing cost* refers to the cost of processing each harvested deer. If it is processed in-house, please provide an accurate estimate of this cost from based on local processor costs. Line 12 relates to the percentage of harvested deer that will have some type of taxidermy service performed, such as a shoulder or full body mount. Line 13 allows for the average per deer expense of this service for the hunter.

We thank you in advance for taking the time to complete this survey. Upon completion, please return the survey with the enclosed envelope no later than November 10th. Questions or requests for additional surveys may also be directed to Brian Frosch at 888-890-5663.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated the proposed amendment would prohibit the shipment or transportation of big game species to or from Missouri

destinations, with certain exceptions. It gives the Missouri Conservation Commission primary authority over the regulation of privately owned big game species, including rulemaking authority. It also states that confined big game killing or the owning, possessing, confining, transporting, breeding or raising of privately owned big game species shall not be construed as hunting, farming or ranching for any purpose under the Constitution or any law. Information or data related to any program related to diseases of big game species is considered a public record and subject to disclosure.

Budget and Planning defers to the Missouri Conservation Commission for an estimate of the proposal's fiscal impact on the Commission or the Missouri Department of Conservation (MDC). Budget and Planning also defers to the Missouri Department of Agriculture (MDA) for an estimate of the proposal's potential fiscal impact on MDA. Budget and Planning does not have sufficient information to estimate the potential fiscal impact the proposal may have on state or local government revenues derived from practices that would be regulated, restricted, or prohibited under the proposal.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated the constitutional amendment proposed in this initiative petition will have no fiscal impact on their city.

Officials from **Metropolitan Community College** indicated no anticipated fiscal impact for their college.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will not have a fiscal impact on their university.

Officials from the **Metropolitan Zoological Park and Museum District** indicated they do not believe this initiative petition will have a financial impact on their district.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, University of Missouri, St. Louis Community College, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** and the **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

State governmental impact is unknown. Local governmental entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 21, 2017

RECEIVED
MAR 2 1 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Timothy Gilio regarding a proposed constitutional amendment to Article IV, version 3 (2018-185)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Timothy Gilio on March 20, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of Imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or Village in which I live are correctly written after my name.

OFFICIAL BALLOT TITLE AS CERTIFIED
BY
SECRETARY OF STATE

RECEIVED
MAR 20 2017
MO. SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF_____

I,_____being first duly sworn, say (print or type names of signers)

	NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town, Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence: I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and_____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do _____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer_____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant

Subscribed and sworn to before me, this_____day of_____, A.D. _____

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires_____

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1,577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1.Cannabis aka marijuana and cannabis hemp shall immediately be removed from Missouri's list of controlled substances and shall no longer be listed among Missouri's drugs schedules.

2. Definitions of terms used in this Act: cannabis and cannabis hemp refer to cannabis marijuana, cannabis sativa, cannabis indica, cannabis ruderalis or any variety of cannabis including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
a. Medical cannabis refers to a Physician's written recommended use of cannabis or any form of cannabis derivative, concentrate, extract, flower, stem, stalk, root, leaf, or any Cannabis product thereof.
b. Personal aka recreational use refers to any cannabis product's use not necessarily recommended by a Physician.
c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging or storing of cannabis or hemp or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into or onto the human body with any vehicle or what could be construed as a dangerous device.
d. Establishment refers to cannabis cultivating facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares, manufactures, packages, transports, or sells cannabis or hemp products or accessories.

3. Minors refers to anyone under the age of 21
a. Cannabis or its products shall not be sold to anyone under the age of 21, with the exception of persons falling under the dictates of item 3c.
b. Anyone under the age of 18 shall have legal access to cannabis through a Physician's written recommendation, and parental or a legal guardian's supervision for medical conditions or diseases that cannabis might help with.
c. Anyone under the age of 21, but age 18 and over shall have legal access to cannabis through a Physician's written recommendation for medical conditions or diseases that cannabis might help with.

4. The following acts are not unlawful and shall not be an offense under these revised Missouri law's
a. Possession or cultivation of cannabis for personal or medical use in an area sufficient to produce the quantity necessary to address one's personal or medical needs. There shall be no plant quantity limitations.
b. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying, or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri. No special licensing will be required beyond that which is applicable for the cultivation, harvesting, processing, manufacturing, packaging, distribution, transferal, display, or possessing of any non-toxic food or food product.
c. Providing cannabis, aka marijuana and or any part of the cannabis plant thereof to be sold to the public must be tested by an accredited testing facility and all packaging labeled accordingly to reflect said testing.
d. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs a through d of this section

5. Patient's rights: cannabis shall be available to all patients regardless of age, race, or gender without taxation when recommended by a physician as a medicine.
a. All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means.

6. All prisoners that have been found guilty in a Missouri Court of law for a nonviolent cannabis related crime shall immediately be released. This shall not apply to those prisoners that have any additional charges other than a nonviolent cannabis related crime. All charges for nonviolent cannabis related crimes shall be immediately expunged from all prisoner's records.
a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related nonviolent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7. No Missouri law enforcement personnel, state, county, or city employees, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri Constitution.
a. Any person who impedes the lawful exercise of these provisions is guilty of a class A misdemeanor and is subject to all penalties or fines thereof.
b. An additional tax, not to exceed 5% without additional voter approval, will be added to all personal / recreational sales of Cannabis not to include any Hemp or Hemp by products sold within the boundaries of Missouri in addition to any established state, county or city sales tax already set in place to be collected by the State of Missouri Sales Taxation Division. Cannabis products sold under the guidelines listed in Section 3b and 3c of this document shall be exempt from this tax. The additional sales tax monies collected will be collected by the State of Missouri Sales Taxation Division, divided and distributed as directed in this paragraph on a quarterly basis as follows: 1/2 will go to Missouri Public Schools that teach Preschool or K through 12 grade or any combination of the Aforementioned. The remaining 1/2 will be directed to the Missouri Veterans Commission to help with housing, clothing, food and medical needs for our multitude of Missouri veterans as the Missouri Veterans Commission sees fit to best utilize those funds.

8. Cannabis farmers, manufacturer's, processors, and distributors shall not be subjected to any special zoning requirements, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor of agricultural products.

9. Pursuant to the ninth and tenth amendments to the constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.
a. The state of Missouri will honor all legally obtained patients medical cards regardless of the state where issued and Missouri shall become reciprocity with all legal states where Cannabis is considered legalized by law for medical or recreational use.
b. Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of Physicians or Veterinarians. No Physician or Veterinarian shall be subject to any professional license review or hearing as a result of recommending or approving medical cannabis therapy.
c. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis, hemp or any derivatives or parts thereof.

10. All provisions of this section are self-executing and serviceable. Except where otherwise indicated in the text of this document this constitutional amendment shall supersede any and all conflicting city, county, state or federal statutory, local charter, ordinance or resolution and shall be implemented no later than January 31st, following the election that placed this initiative before the people of Missouri.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-185)

Subject

Initiative petition from Timothy Gilio regarding a proposed constitutional amendment to Article IV. (Received March 21, 2017)

Date

April 10, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Veterans Commission, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated among other provisions, this proposal could require their office to develop and issue an order providing for the destruction of "all cannabis related nonviolent civil and criminal records in Missouri." Moreover, the proposal purports to supersede federal law.

They expect that the enactment of this proposal would result in increased litigation. They assume they could absorb costs associated with the increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** estimated increased operating costs of $0 in fiscal year 2018, $109,353 in fiscal year 2019, and $169,098 in fiscal year 2020.

Section 192.945, RSMo, allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for both medical and recreational purposes. Therefore, persons with intractable epilepsy would not need to apply for a hemp extract registration card in order to legally use the CBD oil.

They expect rental space for two staff located in Jefferson City would be required: 2 staff x 230 sq.ft./FTE x $21.00 = $9,660.

They indicated retail marijuana, cultivation facilities, products manufacturer, and testing facilities may be established as small businesses.

A tax, not to exceed five percent without additional voter approval, will be added to all personal/recreational sales of Cannabis. The tax will be collected by the State of Missouri Sales Taxation Division. The tax collected is to be directed to Missouri Public Schools and to the Missouri Veterans Commission.

This proposal does not require them to issue any licenses or conduct inspections to ensure the safety of marijuana infused food products. However, sections 196.010 through 196.298, RSMo, gives them responsibility for the regulation of food to include such

duties as ensuring food safety, sanitation, and proper labeling, etc. Therefore, they would have responsibility to assure that facilities manufacturing foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

Due to the broad parameters of this proposal, it is difficult to determine how many food manufacturing facilities would be established. States which have legalized retail marijuana have seen a significant demand for edible marijuana products. For the purposes of this fiscal note, they estimate that at least 300 food manufacturing facilities would be established as a result of this proposal. In order to properly inspect these manufacturing facilities, DCPH would require a minimum of two Environmental Public Health Specialist IV staff (A27, $44,352, Step G). This law shall be implemented no later than January 31 following the November 2018 election. Therefore, DCPH assumes that the two Environmental Public Health Specialist IV positions would begin January 1, 2019.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated cost avoidance of $7,178,073 in fiscal year 2019 (7 months), $7,511,746 in fiscal year 2020, $10,011,383 in fiscal year 2021, $10,741,186 in fiscal year 2022 and thereafter.

Legalizing the possession and use of marijuana would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY17 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will no discharges from expungement but the reduction in the prison population will increase to 214. The field

reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $7,178,073 and will be $10,741,186 after the 4th year.

If marijuana usage becomes legal it could impact the safety and security of our prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of our prisons.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated increased costs of $150,012 in fiscal year 2018, $30,752 in fiscal year 2019, and $31,521 in fiscal year 2020.

This petition opens up the possibility of additional business opportunities in cannabis farming, manufacturing, and distribution of products.

Fiscal Note	IP 18-129			ITSD - DOR	
Bill Number	IP 18-129				
Will a new system be required?			X Yes		No
Indicate fiscal year when fully implemented				FY 2018	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2018**	**FY 2019**	**FY 2020**
General Revenue			150,012	30,752	31,521
Other			-	-	-
Federal Funds			-	-	-
Total			150,012	30,752	31,521
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	amends article IV				
			FY 2018	FY 2019	FY 2020
New Tax System	Rate	Hours	$	$	$
IT Consultants	75	2,000.16	150,012	30,752	31,521
Section Total Expenditures:			150,012	30,752	31,521
Section Funding:	General Revenue		150,012	30,752	31,521
	Federal		-	-	-
	Other		-	-	-
	Total		150,012	30,752	31,521

This would create an unknown positive impact on Total State Revenue.

This petition increases state revenues by an unknown amount.

The provisions of section 7b add an additional five percent tax to all personal/recreational sales of cannabis not including hemp or hemp by-products sold in Missouri. This tax is in addition to any state, county, or city sales taxes already in place. This section also requires the division and distribution of these collections on a quarterly basis to Missouri public schools and the Missouri Veterans' Administration.

This Article states that the tax is to be collected by the State of Missouri Sales Tax Division. There is no State of Missouri Sales Tax Division and their department assumes that the taxpayer will remit the tax to their department. Because there are no enforcement provisions, it may be difficult for their department to enforce the collection of the

additional tax under current sales tax statutes. Their department will not be able to make refunds to taxpayers as the article is currently drafted.

Administrative Impact:

Business Tax Processing:
Although the legislation bases the additional five percent tax on retail sales, it is in addition to and separate from state, county, or city sales tax, and must therefore be reported and deposited separately.

If this money needs to remain in a non-state account, either it would need to stay in the sales suspense holding account until distribution, or new bank accounts would need to be established for each.

ITSD-DOR:

ITSD - DOR				TOTAL HOURS:	2,000		
Bill Number	IP 18-129	FN #	IP 18-129				
Bill Section(s)	amends article IV						
Application Name:	New Tax System				**FY 2018**	**FY 2019**	**FY 2020**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	192	14,400	-	-
Analysis			75	96	7,200	-	-
Design			75	96	7,200	-	-
Development			75	1,236	92,700	-	-
Test			75	192	14,400	-	-
Implementation			75	40	3,000	-	-
Project Management			75	148.16	11,112	-	-
On-going support		Yes	75		-	30,752	31,521
Section Total IT Consultants:			75	2,000.16	150,012	30,752	31,521
Section Total Expenditures:					150,012	30,752	31,521
General Revenue					150,012	30,752	31,521
Federal					-	-	-
Other							
Section Funding:					150,012	30,752	31,521

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Public Safety, Division of Missouri State Highway Patrol** indicated they expect increased operating costs of $474,311 for the first year implemented, $538,337 for the second year implemented, and $544,128 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 5 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

Criminal Justice Information Services Division
The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094

RECURRING COSTS

Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Division

Currently, there are 111,977 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest and arrest/disposition records pertaining to individuals the age of 17 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only ten percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require 5 FTE's. However, if a large number of these expungements were to be granted with even five FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 45 FTE's to complete this task in approximately one year.

The addition of 45 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 111,977 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

10% = 111,977 x .10 = 11,198 / 2,485 = 5 FTE's
50% = 111,977 x .50 = 55,989 / 2,485 = 23 FTE's
100% = 111,977 / 2,485 = 45 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing ten percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

5 Quality Control Clerks ($1,015 x 24)	$121,800
Equipment/Office Furniture	$6,094

RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require the Highway Patrol to rent office space for 5 FTE's to process the expungement requests. The Office of Administration states that 1,500 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft
Utility Costs	$2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other

entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. The definition of a “non-violent cannabis-only offense” needs to be added. It is unclear if individuals with the aforementioned conviction records are required to abide by the expungement process mandated by various other state statutes. Does the individual just complete and file a document with a circuit clerk and the record is expunged or does the “court,” whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Changes to Missouri's state driving laws could impact some federal commercial drivers' license laws.

Failure to comply with 49 C.F.R. 384.225 & 384.226 could result in a withholding of Missouri’s federal-aid highway funds apportioned to it under each of Title 23, United States Code (U.S.C.), sections 104(b)(1), (b)(3), and (b)(4). The federal funds impacted consist of national highway performance program funds, highway safety improvement program funds and congestion mitigation and air quality improvement funds. The

withholding amount would be 4 percent for the first year of non-compliance and 8 percent for the second and subsequent years.

Officials from the **Office of Administration** (OA) indicated:

Section 54 of Article IV would allow the medical and recreational use of marijuana and hemp, as well as the cultivation, production, transportation and retail sale of marijuana and hemp and their related products. Subsection 3 allows the sale of marijuana to individuals under the age of 21 only with physician or parental permission. Subsection 6 requires that all prisoners that have been convicted in Missouri of a nonviolent cannabis related crime shall be immediately released and all related charges shall be expunged from their records. Subsection 7 states that no Missouri law enforcement personnel, state, county, or city employees, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting MO laws that are no longer illegal under this initiative petition. The section also include language that creates an excise tax of five percent on all retail sales of marijuana, in addition to any established state or local sales taxes. The 2.5 percent of the revenue shall be distributed to PreK-12 public schools and 2.5 percent be distributed to the Missouri Veterans Commission. Subsection 5, however, allows all medical marijuana users, with recommendation by a physician, to purchase cannabis without taxation. Subsection 10 provides that the provisions in the amendment take effect no later than January 31st, following the election that placed the initiative before the people of Missouri.

B&P estimates that subsection 7 of this initiative petition could increase Total State Revenue by as much as $17.2M and GR by as much as $16.5M once fully implemented in FY 2021. The Substance Abuse and Mental Health Services Administration (SAMHSA) reports that 9.95% of Missouri population age 18 and older use marijuana. For the purposes of this analysis, B&P assumes the same percentage for marijuana users over the age of 21. The U.S. Census (2010) reports the population of Missouri residents over the age of 21 as 4,300,988 people. Multiplying the percentage of Missouri residents who use marijuana by the population of Missouri residents over the age of 21 gives an estimate of the number of Missouri residents who use marijuana:

	4,300,988	(MO residents over the age of 21)
X	9.95%	(% of MO residents who use marijuana)
	427,948	(MO residents who use marijuana)

However, B&P estimates that of those who use marijuana, roughly 65,000 would be medical users. SAMHSA reports that the total number of U.S. population age 18 and older use marijuana is 27,169,000 people. B&P assumes dividing the number of MO residents who use marijuana by the U.S. population that uses marijuana will provide an estimate of the percentage of the U.S. market that is attributable to Missouri.

	427,948	(MO residents who use marijuana)
÷	27,169,000	(Number of U.S. marijuana users)
	1.58%	(% U.S. market that is attributable to MO)

Using the estimate above for medical users, of that 1.58 percent approximately 0.24% could be considered medical. Therefore, B&P estimates that the size of the U.S. market that is attributable to Missouri, less medical marijuana users, is 1.33 percent. Using an established estimate[1] for the U.S. market of $14.0B and multiplying by the percentage of the U.S. market that is attributable to Missouri, B&P estimates that Missouri's marijuana market, less medical marijuana use, could be worth $186.7M. Assuming Missouri's marijuana market is worth $186.7M, an excise tax of five percent could increase TSR and GR by as much as $9.3M once fully implemented. Table 1 shows a breakdown of revenue increases by tax type.

Table 1: Revenue Generated by Marijuana Taxes

Tax	FY 2020 (5 months)	Fully Implemented (FY 2021)
Sales Tax		
General Revenue	3,002,000	7,206,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
Marijuana Excise Tax		
General Revenue	3,890,000	9,337,000
Total		
General Revenue	6,893,000	16,543,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
TSR	7,178,000	17,228,000

[1] http://scholar.harvard.edu/files/miron/files/budget_2010_final_0.pdf

Officials from the **Office of State Courts Administrator** indicated:

The proposed initiative petition would create a new section of the Missouri Constitution to be known as Article IV, section 54. This section would allow citizens over the age of eighteen to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to 2015 for Associate case types is 10,982. We are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund

Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund

Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri

Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes they contract all conflicts to private attorneys, which they are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated this constitutional amendment would have no fiscal impact on their city.

Officials from the **City of St. Joseph** indicated this initiative petition would not have a fiscal impact on their local government.

Officials from the **Missouri Veterans Commission** indicated they defer fiscal impact to the Department of Revenue/Tax. They are pleased to receive any funding which appropriately comes to them to support the Veterans Programs currently administered by the Commission.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

Officials from **Missouri Western State University** indicated this fiscal note will not have a fiscal impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State revenues could increase by $17 million annually and the state could avoid costs of $11 million annually when the proposal is fully implemented, but an annual unknown loss of federal funding could occur. Additional state costs are estimated at $750,000 annually with one-time costs of $150,000. Local law enforcement costs could increase.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 21, 2017

RECEIVED
MAR 21 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Timothy Gilio regarding a proposed constitutional amendment to Article IV, version 2 (2018-184)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Timothy Gilio on March 20, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of Imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or Village in which I live are correctly written after my name.

OFFICIAL BALLOT TITLE AS CERTIFIED
BY
SECRETARY OF STATE

(Official Ballot Title)

RECEIVED
MAR 20 2017
MO. SECRETARY OF STATE

CIRCULATOR'5 AFFIDAVIT STATE OF MISSOURI, COUNTY OF_____

I,_____being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town, Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence: I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and_____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do _____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer_____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant

Subscribed and sworn to before me, this_____day of_____, A.D. _____

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires_____

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1,577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1.Cannabis aka marijuana and cannabis hemp shall immediately be removed from Missouri's list of controlled substances and shall no longer be listed among Missouri's drugs schedules.

2. Definitions of terms used in this Act: cannabis and cannabis hemp refer to cannabis marijuana, cannabis sativa, cannabis indica, cannabis ruderalis or any variety of cannabis including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
a. Medical cannabis refers to a Physician's written recommended use of cannabis or any form of cannabis derivative, concentrate, extract, flower, stem, stalk, root, leaf, or any Cannabis product thereof.
b. Personal aka recreational use refers to any cannabis product's use not necessarily recommended by a Physician.
c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging or storing of cannabis or hemp or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into or onto the human body with any vehicle or what could be construed as a dangerous device.
d. Establishment refers to cannabis cultivating facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares, manufactures, packages, transports, or sells cannabis or hemp products or accessories.

3. Minors refers to anyone under the age of 21
a. Cannabis or its products shall not be sold to anyone under the age of 21, with the exception of persons falling under the dictates of item 3c.
b. Anyone under the age of 18 shall have legal access to cannabis through a Physician's written recommendation, and parental or a legal guardian's supervision for medical conditions or diseases that cannabis might help with.
c. Anyone under the age of 21, but age 18 and over shall have legal access to cannabis through a Physician's written recommendation for medical conditions or diseases that cannabis might help with.

4. The following acts are not unlawful and shall not be an offense under these revised Missouri law's
a. Possession or cultivation of cannabis for personal or medical use in an area sufficient to produce the quantity necessary to address one's personal or medical needs. There shall be no plant quantity limitations without voter approval.
b. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying, or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri. No special licensing will be required beyond that which is applicable for the cultivation, harvesting, processing, manufacturing, packaging, distribution, transferal, display, or possessing of any non-toxic food or food product.
c. Providing cannabis, aka marijuana and or any part of the cannabis plant thereof to be sold to the public must be tested by an accredited testing facility and all packaging labeled accordingly to reflect said testing.
d. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs a through d of this section

5. Patient's rights: cannabis shall be available to all patients regardless of age, race, or gender without taxation when recommended by a physician as a medicine.
a. All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means.

6. All prisoners that have been found guilty in a Missouri Court of law for a nonviolent cannabis related crime shall immediately be released. This shall not apply to those prisoners that have any additional charges other than a nonviolent cannabis related crime. All charges for nonviolent cannabis related crimes shall be immediately expunged from all prisoner's records.
a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related nonviolent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7. No Missouri law enforcement personnel, state, county, or city employees, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri Constitution.
a. Any person who impedes the lawful exercise of these provisions is guilty of a class A misdemeanor and is subject to all penalties or fines thereof.
b. An additional tax, not to exceed 5% without additional voter approval, will be added to all personal / recreational sales of Cannabis not to include any Hemp or Hemp by products sold within the boundaries of Missouri in addition to any established state, county or city sales tax already set in place to be collected by the State of Missouri Sales Taxation Division. Cannabis products sold under the guidelines listed in Section 3b and 3c of this document shall be exempt from this tax. The additional sales tax monies collected will be collected by the State of Missouri Sales Taxation Division, divided and distributed as directed in this paragraph on a quarterly basis as follows: 1/2 will go to Missouri Public Schools that teach Preschool or K through 12 grade or any combination of the Aforementioned. The remaining 1/2 will be directed to the Missouri Veterans Commission to help with housing, clothing, food and medical needs for our multitude of Missouri veterans as the Missouri Veterans Commission sees fit to best utilize those funds.

8. Cannabis farmers, manufacturer's, processors, and distributors shall not be subjected to any special zoning requirements, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor of agricultural products.

9. Pursuant to the ninth and tenth amendments to the constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.
a. The state of Missouri will honor all legally obtained patients medical cards regardless of the state where issued and Missouri shall become reciprocity with all legal states where Cannabis is considered legalized by law for medical or recreational use.
b. Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of Physicians or Veterinarians. No Physician or Veterinarian shall be subject to any professional license review or hearing as a result of recommending or approving medical cannabis therapy.
c. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis, hemp or any derivatives or parts thereof.

10. All provisions of this section are self-executing and serviceable. Except where otherwise indicated in the text of this document this constitutional amendment shall supersede any and all conflicting city, county, state or federal statutory, local charter, ordinance or resolution and shall be implemented no later than January 31st, following the election that placed this initiative before the people of Missouri.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-184)

Subject

Initiative petition from Timothy Gilio regarding a proposed constitutional amendment to Article IV. (Received March 21, 2017)

Date

April 10, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Veterans Commission, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated among other provisions, this proposal could require their office to develop and issue an order providing for the destruction of "all cannabis related nonviolent civil and criminal records in Missouri." Moreover, the proposal purports to supersede federal law.

They expect that the enactment of this proposal would result in increased litigation. They assume they could absorb costs associated with the increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** estimated increased operating costs of $0 in fiscal year 2018, $109,353 in fiscal year 2019, and $169,098 in fiscal year 2020.

Section 192.945, RSMo, allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for both medical and recreational purposes. Therefore, persons with intractable epilepsy would not need to apply for a hemp extract registration card in order to legally use the CBD oil.

They expect rental space for two staff located in Jefferson City would be required: 2 staff x 230 sq.ft./FTE x $21.00 = $9,660.

They indicated retail marijuana, cultivation facilities, products manufacturer, and testing facilities may be established as small businesses.

A tax, not to exceed five percent without additional voter approval, will be added to all personal/recreational sales of Cannabis. The tax will be collected by the State of Missouri Sales Taxation Division. The tax collected is to be directed to Missouri Public Schools and to the Missouri Veterans Commission.

This proposal does not require them to issue any licenses or conduct inspections to ensure the safety of marijuana infused food products. However, sections 196.010 through 196.298, RSMo, gives them responsibility for the regulation of food to include such

duties as ensuring food safety, sanitation, and proper labeling, etc. Therefore, they would have responsibility to assure that facilities manufacturing foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

Due to the broad parameters of this proposal, it is difficult to determine how many food manufacturing facilities would be established. States which have legalized retail marijuana have seen a significant demand for edible marijuana products. For the purposes of this fiscal note, they estimate that at least 300 food manufacturing facilities would be established as a result of this proposal. In order to properly inspect these manufacturing facilities, DCPH would require a minimum of two Environmental Public Health Specialist IV staff (A27, $44,352, Step G). This law shall be implemented no later than January 31 following the November 2018 election. Therefore, DCPH assumes that the two Environmental Public Health Specialist IV positions would begin January 1, 2019.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated cost avoidance of $7,178,073 in fiscal year 2019 (7 months), $7,511,746 in fiscal year 2020, $10,011,383 in fiscal year 2021, $10,741,186 in fiscal year 2022 and thereafter.

Legalizing the possession and use of marijuana would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY17 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will no discharges from expungement but the reduction in the prison population will increase to 214. The field

reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $7,178,073 and will be $10,741,186 after the 4th year.

If marijuana usage becomes legal it could impact the safety and security of our prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of our prisons.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated increased costs of $150,012 in fiscal year 2018, $30,752 in fiscal year 2019, and $31,521 in fiscal year 2020.

This petition opens up the possibility of additional business opportunities in cannabis farming, manufacturing, and distribution of products.

Fiscal Note	IP 18-129			ITSD - DOR	
Bill Number	IP 18-129				
Will a new system be required?			X Yes		No
Indicate fiscal year when fully implemented				FY 2018	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2018**	**FY 2019**	**FY 2020**
General Revenue			150,012	30,752	31,521
Other			-	-	-
Federal Funds			-	-	-
Total			150,012	30,752	31,521
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	amends article IV				
			FY 2018	FY 2019	FY 2020
New Tax System	Rate	Hours	$	$	$
IT Consultants	75	2,000.16	150,012	30,752	31,521
Section Total Expenditures:			150,012	30,752	31,521
Section Funding:	General Revenue		150,012	30,752	31,521
	Federal		-	-	-
	Other		-	-	-
	Total		150,012	30,752	31,521

This would create an unknown positive impact on Total State Revenue.

This petition increases state revenues by an unknown amount.

The provisions of section 7b add an additional five percent tax to all personal/recreational sales of cannabis not including hemp or hemp by-products sold in Missouri. This tax is in addition to any state, county, or city sales taxes already in place. This section also requires the division and distribution of these collections on a quarterly basis to Missouri public schools and the Missouri Veterans' Administration.

This Article states that the tax is to be collected by the State of Missouri Sales Tax Division. There is no State of Missouri Sales Tax Division and their department assumes that the taxpayer will remit the tax to their department. Because there are no enforcement provisions, it may be difficult for their department to enforce the collection of the

additional tax under current sales tax statutes. Their department will not be able to make refunds to taxpayers as the article is currently drafted.

Administrative Impact:

Business Tax Processing:
Although the legislation bases the additional five percent tax on retail sales, it is in addition to and separate from state, county, or city sales tax, and must therefore be reported and deposited separately.

If this money needs to remain in a non-state account, either it would need to stay in the sales suspense holding account until distribution, or new bank accounts would need to be established for each.

ITSD-DOR:

ITSD - DOR				TOTAL HOURS:	2,000		
Bill Number	IP 18-129	FN #	IP 18-129				
Bill Section(s)	amends article IV						
Application Name:	New Tax System				**FY 2018**	**FY 2019**	**FY 2020**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	192	14,400	-	-
Analysis			75	96	7,200	-	-
Design			75	96	7,200	-	-
Development			75	1,236	92,700	-	-
Test			75	192	14,400	-	-
Implementation			75	40	3,000	-	-
Project Management			75	148.16	11,112	-	-
On-going support		Yes	75		-	30,752	31,521
Section Total IT Consultants:			75	2,000.16	150,012	30,752	31,521
Section Total Expenditures:					150,012	30,752	31,521
General Revenue					150,012	30,752	31,521
Federal					-	-	-
Other							
Section Funding:					150,012	30,752	31,521

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Public Safety, Division of Missouri State Highway Patrol** indicated they expect increased operating costs of $474,311 for the first year implemented, $538,337 for the second year implemented, and $544,128 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 5 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

Criminal Justice Information Services Division
The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094

RECURRING COSTS

Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Division

Currently, there are 111,977 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest and arrest/disposition records pertaining to individuals the age of 17 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only ten percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require 5 FTE's. However, if a large number of these expungements were to be granted with even five FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 45 FTE's to complete this task in approximately one year.

The addition of 45 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 111,977 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

10% = 111,977 x .10 = 11,198 / 2,485 = 5 FTE's
50% = 111,977 x .50 = 55,989 / 2,485 = 23 FTE's
100% = 111,977 / 2,485 = 45 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing ten percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

5 Quality Control Clerks ($1,015 x 24)	$121,800
Equipment/Office Furniture	$6,094

RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require the Highway Patrol to rent office space for 5 FTE's to process the expungement requests. The Office of Administration states that 1,500 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft
Utility Costs	$2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other

entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. The definition of a “non-violent cannabis-only offense” needs to be added. It is unclear if individuals with the aforementioned conviction records are required to abide by the expungement process mandated by various other state statutes. Does the individual just complete and file a document with a circuit clerk and the record is expunged or does the “court,” whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Changes to Missouri's state driving laws could impact some federal commercial drivers' license laws.

Failure to comply with 49 C.F.R. 384.225 & 384.226 could result in a withholding of Missouri’s federal-aid highway funds apportioned to it under each of Title 23, United States Code (U.S.C.), sections 104(b)(1), (b)(3), and (b)(4). The federal funds impacted consist of national highway performance program funds, highway safety improvement program funds and congestion mitigation and air quality improvement funds. The

withholding amount would be 4 percent for the first year of non-compliance and 8 percent for the second and subsequent years.

Officials from the **Office of Administration** (OA) indicated:

Section 54 of Article IV would allow the medical and recreational use of marijuana and hemp, as well as the cultivation, production, transportation and retail sale of marijuana and hemp and their related products. Subsection 3 allows the sale of marijuana to individuals under the age of 21 only with physician or parental permission. Subsection 6 requires that all prisoners that have been convicted in Missouri of a nonviolent cannabis related crime shall be immediately released and all related charges shall be expunged from their records. Subsection 7 states that no Missouri law enforcement personnel, state, county, or city employees, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting MO laws that are no longer illegal under this initiative petition. The section also include language that creates an excise tax of five percent on all retail sales of marijuana, in addition to any established state or local sales taxes. The 2.5 percent of the revenue shall be distributed to PreK-12 public schools and 2.5 percent be distributed to the Missouri Veterans Commission. Subsection 5, however, allows all medical marijuana users, with recommendation by a physician, to purchase cannabis without taxation. Subsection 10 provides that the provisions in the amendment take effect no later than January 31st, following the election that placed the initiative before the people of Missouri.

B&P estimates that subsection 7 of this initiative petition could increase Total State Revenue by as much as $17.2M and GR by as much as $16.5M once fully implemented in FY 2021. The Substance Abuse and Mental Health Services Administration (SAMHSA) reports that 9.95% of Missouri population age 18 and older use marijuana. For the purposes of this analysis, B&P assumes the same percentage for marijuana users over the age of 21. The U.S. Census (2010) reports the population of Missouri residents over the age of 21 as 4,300,988 people. Multiplying the percentage of Missouri residents who use marijuana by the population of Missouri residents over the age of 21 gives an estimate of the number of Missouri residents who use marijuana:

	4,300,988	(MO residents over the age of 21)
X	9.95%	(% of MO residents who use marijuana)
	427,948	(MO residents who use marijuana)

However, B&P estimates that of those who use marijuana, roughly 65,000 would be medical users. SAMHSA reports that the total number of U.S. population age 18 and older use marijuana is 27,169,000 people. B&P assumes dividing the number of MO residents who use marijuana by the U.S. population that uses marijuana will provide an estimate of the percentage of the U.S. market that is attributable to Missouri.

	427,948	(MO residents who use marijuana)
÷	27,169,000	(Number of U.S. marijuana users)
	1.58%	(% U.S. market that is attributable to MO)

Using the estimate above for medical users, of that 1.58 percent approximately 0.24% could be considered medical. Therefore, B&P estimates that the size of the U.S. market that is attributable to Missouri, less medical marijuana users, is 1.33 percent. Using an established estimate[1] for the U.S. market of $14.0B and multiplying by the percentage of the U.S. market that is attributable to Missouri, B&P estimates that Missouri's marijuana market, less medical marijuana use, could be worth $186.7M. Assuming Missouri's marijuana market is worth $186.7M, an excise tax of five percent could increase TSR and GR by as much as $9.3M once fully implemented. Table 1 shows a breakdown of revenue increases by tax type.

Table 1: Revenue Generated by Marijuana Taxes

Tax	FY 2020 (5 months)	Fully Implemented (FY 2021)
Sales Tax		
General Revenue	3,002,000	7,206,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
Marijuana Excise Tax		
General Revenue	3,890,000	9,337,000
Total		
General Revenue	6,893,000	16,543,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
TSR	7,178,000	17,228,000

[1] http://scholar.harvard.edu/files/miron/files/budget_2010_final_0.pdf

Officials from the **Office of State Courts Administrator** indicated:

The proposed initiative petition would create a new section of the Missouri Constitution to be known as Article IV, section 54. This section would allow citizens over the age of eighteen to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to 2015 for Associate case types is 10,982. We are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund

Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund

Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri

Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes they contract all conflicts to private attorneys, which they are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated this constitutional amendment would have no fiscal impact on their city.

Officials from the **City of St. Joseph** indicated this initiative petition would not have a fiscal impact on their local government.

Officials from the **Missouri Veterans Commission** indicated they defer fiscal impact to the Department of Revenue/Tax. They are pleased to receive any funding which appropriately comes to them to support the Veterans Programs currently administered by the Commission.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

Officials from **Missouri Western State University** indicated this fiscal note will not have a fiscal impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State revenues could increase by $17 million annually and the state could avoid costs of $11 million annually when the proposal is fully implemented, but an annual unknown loss of federal funding could occur. Additional state costs are estimated at $750,000 annually with one-time costs of $150,000. Local law enforcement costs could increase.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 21, 2017

RECEIVED
MAR 21 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Timothy Gilio regarding a proposed constitutional amendment to Article IV, version 1 (2018-183)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Timothy Gilio on March 20, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of Imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or Village in which I live are correctly written after my name.

OFFICIAL BALLOT TITLE AS CERTIFIED
BY
SECRETARY OF STATE

RECEIVED
MAR 20 2017
MO. SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF_____

I,_____being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town, Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence: I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and_____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer_____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant

Subscribed and sworn to before me, this_____day of_____, A.D. _____

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires_____

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1,577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1.Cannabis aka marijuana and cannabis hemp shall immediately be removed from Missouri's list of controlled substances and shall no longer be listed among Missouri's drugs schedules.

2. Definitions of terms used in this Act: cannabis and cannabis hemp refer to cannabis marijuana, cannabis sativa, cannabis indica, cannabis ruderalis or any variety of cannabis including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
a. Medical cannabis refers to a Physician's written recommended use of cannabis or any form of cannabis derivative, concentrate, extract, flower, stem, stalk, root, leaf, or any Cannabis product thereof.
b. Personal aka recreational use refers to any cannabis product's use not necessarily recommended by a Physician.
c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging or storing of cannabis or hemp or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into or onto the human body with any vehicle or what could be construed as a dangerous device.
d. Establishment refers to cannabis cultivating facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares, manufactures, packages, transports, or sells cannabis or hemp products or accessories.

3. Minors refers to anyone under the age of 21
a. Cannabis or its products shall not be sold to anyone under the age of 21, with the exception of persons falling under the dictates of item 3c.
b. Anyone under the age of 18 shall have legal access to cannabis through a Physician's written recommendation, and parental or a legal guardian's supervision for medical conditions or diseases that cannabis might help with.
c. Anyone under the age of 21, but age 18 and over shall have legal access to cannabis through a Physician's written recommendation for medical conditions or diseases that cannabis might help with.

4. The following acts are not unlawful and shall not be an offense under these revised Missouri law's
a. Possession or cultivation of cannabis for personal or medical use in an area sufficient to produce the quantity necessary to address one's personal or medical needs. No plant limitations may be imposed by any other legislation.
b. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying, or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri. No special licensing will be required beyond that which is applicable for the cultivation, harvesting, processing, manufacturing, packaging, distribution, transferal, display, or possessing of any non-toxic food or food product.
c. Providing cannabis, aka marijuana and or any part of the cannabis plant thereof to be sold to the public must be tested by an accredited testing facility and all packaging labeled accordingly to reflect said testing.
d. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs a through d of this section

5. Patient's rights: cannabis shall be available to all patients regardless of age, race, or gender without taxation when recommended by a physician as a medicine.
a. All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means.

6. All prisoners that have been found guilty in a Missouri Court of law for a nonviolent cannabis related crime shall immediately be released. This shall not apply to those prisoners that have any additional charges other than a nonviolent cannabis related crime. All charges for nonviolent cannabis related crimes shall be immediately expunged from all prisoner's records.
a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related nonviolent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7. No Missouri law enforcement personnel, state, county, or city employees, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri Constitution.
a. Any person who impedes the lawful exercise of these provisions is guilty of a class A misdemeanor and is subject to all penalties or fines thereof.
b. An additional tax, not to exceed 5% without additional voter approval, will be added to all personal / recreational sales of Cannabis not to include any Hemp or Hemp by products sold within the boundaries of Missouri in addition to any established state, county or city sales tax already set in place to be collected by the State of Missouri Sales Taxation Division. Cannabis products sold under the guidelines listed in Section 3b and 3c of this document shall be exempt from this tax. The additional sales tax monies collected will be collected by the State of Missouri Sales Taxation Division, divided and distributed as directed in this paragraph on a quarterly basis as follows: 1/2 will go to Missouri Public Schools that teach Preschool or K through 12 grade or any combination of the Aforementioned. The remaining 1/2 will be directed to the Missouri Veterans Commission to help with housing, clothing, food and medical needs for our multitude of Missouri veterans as the Missouri Veterans Commission sees fit to best utilize those funds.

8. Cannabis farmers, manufacturer's, processors, and distributors shall not be subjected to any special zoning requirements, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor of agricultural products.

9. Pursuant to the ninth and tenth amendments to the constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.
a. The state of Missouri will honor all legally obtained patients medical cards regardless of the state where issued and Missouri shall become reciprocity with all legal states where Cannabis is considered legalized by law for medical or recreational use.
b. Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of Physicians or Veterinarians. No Physician or Veterinarian shall be subject to any professional license review or hearing as a result of recommending or approving medical cannabis therapy.
c. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis, hemp or any derivatives or parts thereof.

10. All provisions of this section are self-executing and serviceable. Except where otherwise indicated in the text of this document this constitutional amendment shall supersede any and all conflicting city, county, state or federal statutory, local charter, ordinance or resolution and shall be implemented no later than January 31st, following the election that placed this initiative before the people of Missouri.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-183)

Subject

Initiative petition from Timothy Gilio regarding a proposed constitutional amendment to Article IV. (Received March 21, 2017)

Date

April 10, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Veterans Commission, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated among other provisions, this proposal could require their office to develop and issue an order providing for the destruction of "all cannabis related nonviolent civil and criminal records in Missouri." Moreover, the proposal purports to supersede federal law.

They expect that the enactment of this proposal would result in increased litigation. They assume they could absorb costs associated with the increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** estimated increased operating costs of $0 in fiscal year 2018, $109,353 in fiscal year 2019, and $169,098 in fiscal year 2020.

Section 192.945, RSMo, allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for both medical and recreational purposes. Therefore, persons with intractable epilepsy would not need to apply for a hemp extract registration card in order to legally use the CBD oil.

They expect rental space for two staff located in Jefferson City would be required: 2 staff x 230 sq.ft./FTE x $21.00 = $9,660.

They indicated retail marijuana, cultivation facilities, products manufacturer, and testing facilities may be established as small businesses.

A tax, not to exceed five percent without additional voter approval, will be added to all personal/recreational sales of Cannabis. The tax will be collected by the State of Missouri Sales Taxation Division. The tax collected is to be directed to Missouri Public Schools and to the Missouri Veterans Commission.

This proposal does not require them to issue any licenses or conduct inspections to ensure the safety of marijuana infused food products. However, sections 196.010 through 196.298, RSMo, gives them responsibility for the regulation of food to include such

duties as ensuring food safety, sanitation, and proper labeling, etc. Therefore, they would have responsibility to assure that facilities manufacturing foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

Due to the broad parameters of this proposal, it is difficult to determine how many food manufacturing facilities would be established. States which have legalized retail marijuana have seen a significant demand for edible marijuana products. For the purposes of this fiscal note, they estimate that at least 300 food manufacturing facilities would be established as a result of this proposal. In order to properly inspect these manufacturing facilities, DCPH would require a minimum of two Environmental Public Health Specialist IV staff (A27, $44,352, Step G). This law shall be implemented no later than January 31 following the November 2018 election. Therefore, DCPH assumes that the two Environmental Public Health Specialist IV positions would begin January 1, 2019.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated cost avoidance of $7,178,073 in fiscal year 2019 (7 months), $7,511,746 in fiscal year 2020, $10,011,383 in fiscal year 2021, $10,741,186 in fiscal year 2022 and thereafter.

Legalizing the possession and use of marijuana would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY17 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will no discharges from expungement but the reduction in the prison population will increase to 214. The field

reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $7,178,073 and will be $10,741,186 after the 4th year.

If marijuana usage becomes legal it could impact the safety and security of our prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of our prisons.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated increased costs of $150,012 in fiscal year 2018, $30,752 in fiscal year 2019, and $31,521 in fiscal year 2020.

This petition opens up the possibility of additional business opportunities in cannabis farming, manufacturing, and distribution of products.

Fiscal Note	IP 18-129			ITSD - DOR	
Bill Number	IP 18-129				
Will a new system be required?			X Yes		No
Indicate fiscal year when fully implemented				FY 2018	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected				**FY 2018**	**FY 2019**	**FY 2020**
General Revenue				150,012	30,752	31,521
Other				-	-	-
Federal Funds				-	-	-
Total				150,012	30,752	31,521
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.						
Bill Section(s)	amends article IV					
				FY 2018	FY 2019	FY 2020
New Tax System	Rate	Hours		$	$	$
IT Consultants	75	2,000.16		150,012	30,752	31,521
Section Total Expenditures:				150,012	30,752	31,521
Section Funding:		General Revenue		150,012	30,752	31,521
		Federal		-	-	-
		Other		-	-	-
		Total		150,012	30,752	31,521

This would create an unknown positive impact on Total State Revenue.

This petition increases state revenues by an unknown amount.

The provisions of section 7b add an additional five percent tax to all personal/recreational sales of cannabis not including hemp or hemp by-products sold in Missouri. This tax is in addition to any state, county, or city sales taxes already in place. This section also requires the division and distribution of these collections on a quarterly basis to Missouri public schools and the Missouri Veterans' Administration.

This Article states that the tax is to be collected by the State of Missouri Sales Tax Division. There is no State of Missouri Sales Tax Division and their department assumes that the taxpayer will remit the tax to their department. Because there are no enforcement provisions, it may be difficult for their department to enforce the collection of the

additional tax under current sales tax statutes. Their department will not be able to make refunds to taxpayers as the article is currently drafted.

Administrative Impact:

Business Tax Processing:
Although the legislation bases the additional five percent tax on retail sales, it is in addition to and separate from state, county, or city sales tax, and must therefore be reported and deposited separately.

If this money needs to remain in a non-state account, either it would need to stay in the sales suspense holding account until distribution, or new bank accounts would need to be established for each.

ITSD-DOR:

ITSD - DOR				TOTAL HOURS:	2,000		
Bill Number	IP 18-129	FN #	IP 18-129				
Bill Section(s)	amends article IV						
Application Name:	New Tax System				**FY 2018**	**FY 2019**	**FY 2020**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	192	14,400	-	-
Analysis			75	96	7,200	-	-
Design			75	96	7,200	-	-
Development			75	1,236	92,700	-	-
Test			75	192	14,400	-	-
Implementation			75	40	3,000	-	-
Project Management			75	148.16	11,112	-	-
On-going support		Yes	75		-	30,752	31,521
Section Total IT Consultants:			75	2,000.16	150,012	30,752	31,521
Section Total Expenditures:					150,012	30,752	31,521
General Revenue					150,012	30,752	31,521
Federal					-	-	-
Other							
Section Funding:					150,012	30,752	31,521

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Public Safety, Division of Missouri State Highway Patrol** indicated they expect increased operating costs of $474,311 for the first year implemented, $538,337 for the second year implemented, and $544,128 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 5 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

Criminal Justice Information Services Division
The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094

RECURRING COSTS

Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Division

Currently, there are 111,977 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest and arrest/disposition records pertaining to individuals the age of 17 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only ten percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require 5 FTE's. However, if a large number of these expungements were to be granted with even five FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 45 FTE's to complete this task in approximately one year.

The addition of 45 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 111,977 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

10% = 111,977 x .10 = 11,198 / 2,485 = 5 FTE's
50% = 111,977 x .50 = 55,989 / 2,485 = 23 FTE's
100% = 111,977 / 2,485 = 45 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing ten percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

5 Quality Control Clerks ($1,015 x 24)	$121,800
Equipment/Office Furniture	$6,094

RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require the Highway Patrol to rent office space for 5 FTE's to process the expungement requests. The Office of Administration states that 1,500 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft
Utility Costs	$2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other

entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. The definition of a "non-violent cannabis-only offense" needs to be added. It is unclear if individuals with the aforementioned conviction records are required to abide by the expungement process mandated by various other state statutes. Does the individual just complete and file a document with a circuit clerk and the record is expunged or does the "court," whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Changes to Missouri's state driving laws could impact some federal commercial drivers' license laws.

Failure to comply with 49 C.F.R. 384.225 & 384.226 could result in a withholding of Missouri's federal-aid highway funds apportioned to it under each of Title 23, United States Code (U.S.C.), sections 104(b)(1), (b)(3), and (b)(4). The federal funds impacted consist of national highway performance program funds, highway safety improvement program funds and congestion mitigation and air quality improvement funds. The

withholding amount would be 4 percent for the first year of non-compliance and 8 percent for the second and subsequent years.

Officials from the **Office of Administration** (OA) indicated:

Section 54 of Article IV would allow the medical and recreational use of marijuana and hemp, as well as the cultivation, production, transportation and retail sale of marijuana and hemp and their related products. Subsection 3 allows the sale of marijuana to individuals under the age of 21 only with physician or parental permission. Subsection 6 requires that all prisoners that have been convicted in Missouri of a nonviolent cannabis related crime shall be immediately released and all related charges shall be expunged from their records. Subsection 7 creates an excise tax of five percent on all retail sales of marijuana, in addition to any established state or local sales taxes. The 2.5 percent of the revenue shall be distributed to PreK-12 public schools and 2.5 percent be distributed to the Missouri Veterans Commission. Subsection 5, however, allows all medical marijuana users, with recommendation by a physician, to purchase cannabis without taxation. Subsection 10 provides that the provisions in the amendment take effect no later than January 31st, following the election that placed the initiative before the people of Missouri.

B&P estimates that subsection 7 of this initiative petition could increase Total State Revenue by as much as $17.2M and GR by as much as $16.5M once fully implemented in FY 2021. The Substance Abuse and Mental Health Services Administration (SAMHSA) reports that 9.95% of Missouri population age 18 and older use marijuana. For the purposes of this analysis, B&P assumes the same percentage for marijuana users over the age of 21. The U.S. Census (2010) reports the population of Missouri residents over the age of 21 as 4,300,988 people. Multiplying the percentage of Missouri residents who use marijuana by the population of Missouri residents over the age of 21 gives an estimate of the number of Missouri residents who use marijuana:

	4,300,988	(MO residents over the age of 21)
X	9.95%	(% of MO residents who use marijuana)
	427,948	(MO residents who use marijuana)

However, B&P estimates that of those who use marijuana, roughly 65,000 would be medical users. SAMHSA reports that the total number of U.S. population age 18 and older use marijuana is 27,169,000 people. B&P assumes dividing the number of MO residents who use marijuana by the U.S. population that uses marijuana will provide an estimate of the percentage of the U.S. market that is attributable to Missouri.

	427,948	(MO residents who use marijuana)
÷	27,169,000	(Number of U.S. marijuana users)
	1.58%	(% U.S. market that is attributable to MO)

Using the estimate above for medical users, of that 1.58 percent approximately 0.24% could be considered medical. Therefore, B&P estimates that the size of the U.S. market that is attributable to Missouri, less medical marijuana users, is 1.33 percent. Using an established estimate[1] for the U.S. market of $14.0B and multiplying by the percentage of the U.S. market that is attributable to Missouri, B&P estimates that Missouri's marijuana market, less medical marijuana use, could be worth $186.7M. Assuming Missouri's marijuana market is worth $186.7M, an excise tax of five percent could increase TSR and GR by as much as $9.3M once fully implemented. Table 1 shows a breakdown of revenue increases by tax type.

Table 1: Revenue Generated by Marijuana Taxes

Tax	FY 2020 (5 months)	Fully Implemented (FY 2021)
Sales Tax		
General Revenue	3,002,000	7,206,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
Marijuana Excise Tax		
General Revenue	3,890,000	9,337,000
Total		
General Revenue	6,893,000	16,543,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
TSR	7,178,000	17,228,000

[1] http://scholar.harvard.edu/files/miron/files/budget_2010_final_0.pdf

Officials from the **Office of State Courts Administrator** indicated:

The proposed initiative petition would create a new section of the Missouri Constitution to be known as Article IV, section 54. This section would allow citizens over the age of eighteen to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to 2015 for Associate case types is 10,982. We are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund

Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund

Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri

Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes they contract all conflicts to private attorneys, which they are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated this constitutional amendment would have no fiscal impact on their city.

Officials from the **City of St. Joseph** indicated this initiative petition would not have a fiscal impact on their local government entity.

Officials from the **Missouri Veterans Commission** indicated they defer fiscal impact to the Department of Revenue/Tax. They are pleased to receive any funding which appropriately comes to them to support the Veterans Programs currently administered by the Commission.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

Officials from **Missouri Western State University** indicated this fiscal note will not have a fiscal impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State revenues could increase by $17 million annually and the state could avoid costs of $11 million annually when the proposal is fully implemented, but an annual unknown loss of federal funding could occur. Additional state costs are estimated at $750,000 annually with one-time costs of $150,000. Local law enforcement costs could increase.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 20, 2017

RECEIVED
MAR 20 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Doug Burlison regarding a proposed constitutional amendment to Article IV (2018-182)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Doug Burlison on March 20, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

RECEIVED
MAR 20 2017
MO. SECRETARY OF STATE

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 8th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.						
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15.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant

Subscribed and sworn to before me, this _____ day of _____, A.D. _____ .

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals, in part or in whole, and Amends various statutes and subsections including but not necessarily limited to RSMo 87.400.1(6), 87.400.1(7), 87.505.1(12), 87.505.1(13), 105.1108.1, 105.1112.1, 192.945.1, 195.010.1(17)(g), 195.010.1(l), 195.010.1(24), 195.010.1(40), 195.017.1(4)(w), 195.017.1(4)(ee), 195.017.2(4)(w), 195.017.2(ee), 195.140.2, 195.207.1, 195.211.1, 195.222.1(7), 195.223.1(7), 195.223.1(8), 261.265.1, 263.250.1, 261.265.1, 306.110.1(2), 579.015.1(2), 579.015.1(3), 579.015.1(4), 579.015.1(5), 579.020.1(2), 579.020.1(3), 579.020.1(4), 579.020.1(5), 577.024.1(2), 579.030.1, 579.055.1(3), 579.055.1(4), 579.068.1(7), 579.068.1(9)3.(7), 579.068.1(9)3.(8), 579.105.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1. Cannabis shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. Cannabis shall no longer be considered a controlled substance or a drug hence forth by Missouri law.

2. Definition of terms, as used in this Act:
(a) "Cannabis" and "Cannabis hemp" refer to the Cannabis, marihuana, marijuana, Cannabis sativa, Cannabis sativa L., Cannabis Americana, Cannabis Gigantea, Cannabis indica, Cannabis ruderalis, or any variety of Cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
(b) "Medical Cannabis" refers to Cannabis used to prevent or to treat a medical condition.
(c) "Personal use" refers to the personal use or consumption of Cannabis.
(d) "Cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing Cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing Cannabis into and/or onto the human body.
(e) "Establishment" refers to a Cannabis cultivation facility, a Cannabis testing facility, a Cannabis product manufacturing facility, or a retail store, Cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells Cannabis, Cannabis products and/or Cannabis accessories.

3. The following acts are not unlawful and shall not be an offense under Missouri law:
(a) Possession of Cannabis for personal or medical use.
(b) Cultivating Cannabis for personal or medical use.
(c) Cultivation, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing Cannabis, Cannabis accessories, and Cannabis products for commercial purposes, provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.
(d) Providing Cannabis, Cannabis accessories, and Cannabis products for sale to consumers.
(e) Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
(f) No one shall be denied housing solely based on their use of Cannabis.
(g) No one shall be denied employment solely based on their use of Cannabis.
(h) The use and/or possession of Cannabis shall not be grounds for issuing a "Driving under the influence" (DUI) stop, charge, arrest or fines when operating a motor vehicle.

4. Medical Cannabis shall be available to patients without taxation who have a physician's recommendation for its use.
(a) All patients engaged in Cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means, whether or not under the care of a physician.
(b) Licensed physicians shall not be penalized for, nor restricted from recommending Cannabis for medical purposes to any person under their care.
(c) Veterinarians shall not be penalized nor restricted from recommending Cannabis for medical purposes for any creature under their care.
(d) Opinions pertaining to, and willingness to recommend medical Cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical Cannabis therapy.
(e) Any individual who is a Cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri Cannabis patient.
(f) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of Cannabis.

5. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, Cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.
(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent Cannabis only offenses which are no longer illegal in the State of Missouri under this Act.
(b) Within 60 days of the passage of this Act, a legal document shall be developed and made available to the public ordering the immediate destruction of all Cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment which is no longer illegal in the State of Missouri under this Act. This document shall be distributed to all pertinent parties throughout the state.

6. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal Cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.
(a) Asset Forfeiture shall no longer be justified or used by any Missouri law enforcement through association with Cannabis, Cannabis cultivation, it's use and/or possession.

7. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

8. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

9. Pursuant to the Ninth and Tenth Amendments to the Constitution of the United States, the people of Missouri hereby repudiate and challenge federal Cannabis prohibitions that conflict with this Act.

10. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

11. The dictates of this Initiative shall be implemented no later than January 31st, following the election that placed this initiative before the people.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 15, 2017

RECEIVED
MAR 15 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed statutory amendment to Chapter 115 (2018-181)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Damien Johnson on March 15, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
MAR 15 2017
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of .....,
A.D.....

.....
Signature of Notary

Notary Public (Seal) .....
My commission expires.....

.....
Address of Notary .

Be it enacted by the people of the state of Missouri

Section 115.457. is amended by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

115.427. 1. Persons seeking to vote in a public election shall establish their identity and eligibility to vote at the polling place by presenting a form of personal identification to election officials. No form of personal identification other than the forms listed in this section shall be accepted to establish a voter's qualifications to vote. Forms of personal identification that satisfy the requirements of this section are any one of the following:

(1) Nonexpired Missouri driver's license;

(2) Nonexpired or nonexpiring Missouri nondriver's license;

(3) A document that satisfies all of the following requirements:

(4) A student ID from a Missouri institution of higher education.

(a) The document contains the name of the individual to whom the document was issued, and the name substantially conforms to the most recent signature in the individual's voter registration record;

(b) The document shows a photograph of the individual;

(c) The document includes an expiration date, and the document is not expired, or, if expired, the document expired after the date of the most recent general election; and

(d) The document was issued by the United States or the state of Missouri; or

(4) Any identification containing a photograph of the individual which is issued by the Missouri National Guard, the United States Armed Forces, or the United States Department of Veteran Affairs to a member or former member of the Missouri National Guard or the United States Armed Forces and that is not expired or does not have an expiration date.

2. (1) An individual who appears at a polling place without a form of personal identification described in subsection 1 of this section and who is otherwise qualified to vote at that polling place may execute a statement, under penalty of perjury, averring that the individual is the person listed in the precinct register; averring that the individual does not possess a form of personal identification described in subsection 1 of this section; acknowledging that the individual is eligible to receive a Missouri nondriver's license free of charge if desiring it in order to vote; and acknowledging that the individual is required to present a form of personal identification, as described in subsection 1 of this section, in order to vote. Such statement shall be executed and sworn to before the election official receiving the statement. Upon executing such statement, the individual may cast a regular ballot, provided such individual presents one of the following forms of identification:

(a) Identification issued by the state of Missouri, an agency of the state, or a local election authority of the state;

(b) Identification issued by the United States government or agency thereof;

(c) Identification issued by an institution of higher education, including a university, college, vocational and technical school, located within the state of Missouri;

(d) A copy of a current utility bill, bank statement, government check, paycheck, or other government document that contains the name and address of the individual;

(e) Other identification approved by the secretary of state under rules promulgated pursuant to this section.

(2) For any individual who appears at a polling place without a form of personal identification described in subsection 1 of this section and who is otherwise qualified to vote at that polling place, the election authority may take a picture of such individual and keep it as part of that individual's voter registration file at the election authority.

(3) Any individual who chooses not to execute the statement described in subdivision (1) of this subsection may cast a provisional ballot. Such provisional ballot shall be counted, provided that it meets the requirements of subsection 4 of this section.

(4) For the purposes of this section, the term "election official" shall include any person working under the authority of the election authority.

3. The statement to be used for voting under subdivision (1) of subsection 2 of this section shall be substantially in the following form:

"State of .....

County of .....

I do solemnly swear (or affirm) that my name is .....; that I reside at .....; that I am the person listed in the precinct register under this name and at this address; and that, under penalty of perjury, I do not possess a form of personal identification approved for voting. As a person who does not possess a form of personal identification approved for voting, I acknowledge that I am eligible to receive free of charge a Missouri nondriver's license at any fee office if desiring it in order to vote. I furthermore acknowledge that I am required to present a form of personal identification, as prescribed by law, in order to vote.

I understand that knowingly providing false information is a violation of law and subjects me to possible criminal prosecution.

.....

Signature of voter

Subscribed and affirmed before me this ..... day of ....., 20....

.....

Signature of election official"

4. A voter shall be allowed to cast a provisional ballot under section 115.430 even if the election judges cannot establish the voter's identity under this section. The election judges shall make a notation on the provisional ballot envelope to indicate that the voter's identity was not verified. The provisional ballot cast by such voter shall not be counted unless:

(1) (a) The voter returns to the polling place during the uniform polling hours established by section115.407 and provides a form of personal identification that allows the election judges to verify the voter's identity as provided in subsection 1 of this section; or

(b) The election authority verifies the identity of the individual by comparing that individual's signature to the signature on file with the election authority and determines that the individual was eligible to cast a ballot at the polling place where the ballot was cast; and

(2) The provisional ballot otherwise qualifies to be counted under section 115.430.

5. The secretary of state shall provide advance notice of the personal identification requirements of subsection 1 of this section in a manner calculated to inform the public generally of the requirement for forms of personal identification as provided in this section. Such advance notice shall include, at a minimum, the use of advertisements and public service announcements in print, broadcast television, radio, and cable television media, as well as the posting of information on the opening pages of the official state internet websites of the secretary of state and governor.

6. (1) Notwithstanding the provisions of section 136.055 and section 302.181 to the contrary, the state and all fee offices shall provide one nondriver's license at no cost to any otherwise qualified voter who does not already possess such identification and who desires the identification in order to vote.

(2) This state and its agencies shall provide one copy of each of the following, free of charge, if needed by an individual seeking to obtain a form of personal identification described in subsection 1 of this section in order to vote:

(a) A birth certificate;
(b) A marriage license or certificate;
(c) A divorce decree;
(d) A certificate of decree of adoption;
(e) A court order changing the person's name;
(f) A Social Security card reflecting an updated name; and
(g) Naturalization papers or other documents from the United States Department of State proving citizenship.

Any individual seeking one of the above documents in order to obtain a form of personal identification described in subsection 1 of this section in order to vote may request the secretary of state to facilitate the acquisition of such documents. The secretary of state shall pay any fee or fees charged by another state or its agencies, or any court of competent jurisdiction in this state or any other state, or the federal government or its agencies, in order to obtain any of the above documents from such state or the federal government.

(3) All costs associated with the implementation of this section shall be reimbursed from the general revenue of this state by an appropriation for that purpose. If there is not a sufficient appropriation of state funds, then the personal identification requirements of subsection 1 of this section shall not be enforced.

(4) Any applicant who requests a nondriver's license for the purpose of voting shall not be required to pay a fee if the applicant executes a statement, under penalty of perjury, averring that the applicant does not have any other form of personal identification that meets the requirements of this section. The state of Missouri shall pay the legally required fees for any such applicant. The director of the department of revenue shall design a statement to be used for this purpose. The total cost associated with nondriver's license photo identification under this subsection shall be borne by the state of Missouri from funds appropriated to the department of revenue for that specific purpose. The department of revenue and a local election authority may enter into a contract that allows the local election authority to assist the department in issuing nondriver's license photo identifications.

7. The director of the department of revenue shall, by January first of each year, prepare and deliver to each member of the general assembly a report documenting the number of individuals who have requested and received a nondriver's license photo identification for the purposes of voting under this section. The report shall also include the number of persons requesting a nondriver's license for purposes of voting under this section, but not receiving such license, and the reason for the denial of the nondriver's license.

8. The precinct register shall serve as the voter identification certificate. The following form shall be printed at the top of each page of the precinct register:

VOTER'S IDENTIFICATION CERTIFICATE
Warning: It is against the law for anyone to vote, or attempt to vote, without having a lawful right to vote.
PRECINCT
WARD OR TOWNSHIP .....
GENERAL (SPECIAL, PRIMARY) ELECTION
Held ....., 20....
Date

I hereby certify that I am qualified to vote at this election by signing my name and verifying my address by signing my initials next to my address.

9. The secretary of state shall promulgate rules to effectuate the provisions of this section.

10. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2002, shall be invalid and void.

11. If any voter is unable to sign his name at the appropriate place on the certificate or computer printout, an election judge shall print the name and address of the voter in the appropriate place on the precinct register, the voter shall make his mark in lieu of signature, and the voter's mark shall be witnessed by the signature of an election judge.

12. This section shall become effective only upon the passage and approval by the voters of a constitutional amendment submitted to them by the general assembly regarding the authorization of photo identification requirements for elections by general law. If such constitutional amendment is approved by the voters, this section shall become effective June 1, 2017.

(L. 1977 H.B. 101 § 11.045, A.L. 1983 S.B. 234, A.L. 1993 S.B. 31, A.L. 2002 S.B. 675, A.L. 2006 S.B. 1014 & 730, A.L. 2016 H.B. 1631 §§ 115.427 and B)

*Contingent effective date, see subsection 12 of this section. H.B. 1631 was vetoed July 7, 2016. The veto was overridden on September 14, 2016.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
MAR 15 2017
STATE AUDITORS OFFICE

March 15, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article I (2018-180)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on March 15, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
MAR 15 2017
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

	Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

Subscribed and sworn to before me this ..... day of .....,
A.D.....

.....
Address of Affiant

.....
Signature of Notary

Notary Public (Seal) .....
My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

35 of Article I of the Constitution of Missouri is amended by modifying section 35. The existing section 35 is set forth hereinafter with the new matter bold and deleted matter in brackets,

Definitions of terms, as used in this Act:

A) Cannabis: refers to the cannabis, marihuana, marijuana, cannabis, sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including but not limited to, derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof

B) Hemp: The fiber of this plant, extracted from the stem and used to make rope, fabrics, fiberboard, clothing, and paper. The sister plant of cannabis

That agriculture which provides food, energy, health benefits, and security is the foundation and stabilizing force of Missouri's economy. To protect this vital sector of Missouri's economy, the right of farmers and ranchers to engage in farming and ranching practices, including but not limited to the right to grow cannabis and hemp, shall be forever guaranteed in this state, subject to duly authorized powers, if any, conferred by article VI of the Constitution of Missouri.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 15, 2017

RECEIVED
MAR 15 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Charles Jones regarding a proposed constitutional amendment to Article IV (2018-179)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Charles Jones on March 15, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

RECEIVED
MAR 15 2017
MO. SECRETARY OF STATE

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or City of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____
I, _____, being first duly sworn, say (print or type names of signers)

Registered Voting Name (Signature)	Date Signed	Registered Voting Address (Number)(Street)(City, Town, Village)	Zip Code	Cong Dist.	Registered Voting Name (printed or typed)
1					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence: I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.
I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

Subscribed and sworn to before me, this ____day of _____, A.D._____

Notary Public (Seal)

My commission expires _____

_____

_____
Address of Affiant

_____
Signature of Notary

_____

_____
Address of Notary

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1, 577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1. Cannabis shall immediately be removed from the Missouri list of controlled substances and shall no longer be listed among Missouri's drug schedules.

2. Definitions: cannabis and cannabis hemp refer to Cannabis, Marijuana, Cannabis Sativa, Cannabis Indica, Cannabis Ruderalis or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
   a. Medical cannabis refers to physician recommended use.
   b. Personal use refers to any use not recommended by physician.
   c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use planting, propagating, cultivating, growing, harvesting, manufacturing, compounding , converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into or onto the human body.
   d. Establishment refers to a cannabis cultivation facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares, manufactures, packages, transports, or sells cannabis products or accessories.
   e. Minor refers to anyone under the age 18.

3. Cannabis or its products shall not be sold to anyone under the age 18. Anyone under the age of 18 shall have access to cannabis through physician recommendation or consent from parent/legal guardian.
   a. No minor shall be criminally prosecuted for possession of cannabis or its products.

4. The following acts are not unlawful and shall not be an offense under Missouri law
   a. Possession of cannabis for personal or medical use.
   b. Cultivating cannabis for personal or medical use, to obey zoning restrictions.
   c. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri.
   d. Providing cannabis, cannabis accessories and products for sale to consumers. Any product to be sold to public must be tested for purity and weight.
   e. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (e) of this section.
   f. The possession of cannabis is not to be the sole reason for issuing a D.U.I. (driving under the influence), arrest or fines when operating a motor vehicle.

5. Patient rights: Cannabis shall be available to all patients regardless of age, without taxation when physician recommended.

6. All prisoners that have been incarcerated for nonviolent cannabis related crimes shall immediately be released and all charges for cannabis crimes expunged.
   a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related non-violent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7. No state funds shall be used to enforce federal laws which are no longer illegal in the state of Missouri.
   a. Any person who willfully impedes the lawful exercise of these provisions is guilty of a class A misdemeanor.

8. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirements, licensing fee that is discriminant, prohibitive, or in any way contrary to that which is relative to any other commercial or agriculture farmer, manufacturer, processor or distributor.

9. Pursuant to the ninth and tenth amendments to the Constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.

10. All provisions of this section are self-executing and severable and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance or resolution.

11. The dictates of this Initiative shall be implemented no later than April 20th following the election that placed this initiative before the people.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-179)

Subject

Initiative petition from Charles Jones regarding a proposed constitutional amendment to Article IV. (Received March 15, 2017)

Date

April 4, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated among other provisions, this proposal could require their office to develop and issue "a legal document ordering the immediate destruction of all cannabis related non-violent civil and criminal records in Missouri." Moreover, the proposal purports to supersede federal law and to restrict federal expenditures.

They expect that the enactment of this proposal would result in increased litigation. They assume that it could absorb costs associated with the increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated estimated increased operating costs of $0 in fiscal year 2018, unknown>$72,713 in fiscal year 2019, and unknown>$169,098 in fiscal year 2020.

Section 192.945, RSMo, allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for both medical and personal purposes. Therefore, persons with intractable epilepsy would not need to apply for a hemp extract registration card in order to legally use the CBD oil.

They expect rental space for two staff located in Jefferson City would be required: 2 staff x 230 sq.ft./FTE x $21.00 = $9,660.

They indicated retail marijuana, cultivation facilities, products manufacturer, dispensary, and testing facilities may be established as small businesses.

This proposal does not require their department to issue any licenses or conduct inspections to ensure the safety of marijuana infused food products. However, sections 196.010 through 196.298, RSMo, gives their department responsibility for the regulation of food to include such duties as ensuring food safety, sanitation, proper labeling, etc. Therefore, their department would have responsibility to assure that facilities manufacturing foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

Due to the broad parameters of this proposal, it is difficult to determine how many food manufacturing facilities would be established. States which have legalized retail marijuana have seen a significant demand for edible marijuana products. For the purposes of this fiscal note, they estimate that at least 300 food manufacturing facilities would be established as a result of this proposal. In order to properly inspect these manufacturing facilities, DCPH would require a minimum of two Environmental Public Health Specialist IV staff (A27, $44,352, Step G). This law shall be implemented no later than April 20 following the November 2018 election. Therefore, DCPH assumes that the two Environmental Public Health Specialist IV positions would begin April 1, 2019.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $7,178,073 in fiscal year 2019 (7 Months), $7,511,746 in fiscal year 2020, $10,011,383 in fiscal year 2021, $10,741,186 in fiscal year 2022 and thereafter.

Legalizing the possession and use of marijuana would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY17 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will no discharges from expungement but the reduction in the prison population will increase to 214. The field reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $7,178,073 and will be $10,741,186 after the 4th year.

If marijuana usage becomes legal it could impact the safety and security of our prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of our prisons.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety -Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Missouri State Highway Patrol** indicated they expect increased operating costs of $426,235 for the first year implemented, $487,385 for the second year implemented, and $492,597 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

Criminal Justice Information Services Division
The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094
RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Divison

Currently, there are 109,072 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest records with or without a court conviction pertaining to individuals the age of 18 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only ten percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require four FTE's. However, if a large number of these expungements were to be granted with even four FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 44 FTE's to complete this task in approximately one year. The addition of 44 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 109,072 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

10% = 109,072 x .10 = 10,907 / 2,485 = 4 FTE's
50% = 109,072 x .50 = 54,536 / 2,485 = 22 FTE's
100% = 109,072 / 2,485 = 44 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing ten percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

4 Quality Control Clerks ($1,015 x 24)	$97,440
Equipment/Office Furniture	$6,094

RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require the Highway Patrol to rent office space for 4 FTE's to process the expungement requests. The Office of Administration states that 1,500 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft

Utility Costs $2/Sq Ft

The agency provided the following additional comments:
It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. The definition of a “non-violent cannabis-only offense” needs to be added. It is unclear if individuals with the aforementioned conviction records are required to abide by the expungement process mandated by various other state statutes. Does the

individual just complete and file a document with a circuit clerk and the record is expunged or does the "court," whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Changes to Missouri's state driving laws could impact some federal commercial drivers' license laws.

Failure to comply with 49 C.F.R. 384.225 & 384.226 could result in a withholding of Missouri's federal-aid highway funds apportioned to it under each of Title 23, United States Code (U.S.C.), sections 104(b)(1), (b)(3), and (b)(4). The federal funds impacted consist of national highway performance program funds, highway safety improvement program funds and congestion mitigation and air quality improvement funds. The withholding amount would be 4 percent for the first year of non-compliance and 8 percent for the second and subsequent years.

Officials from the **Office of Administration** (OA) indicated:

This proposal enacts one new section in Article IV, Section 54 which:

- Legalizes cannabis under certain circumstances.
- Orders the release of those convicted of nonviolent cannabis-related crimes and requires the expungement of those criminal records.
- Prohibits the use of state funds to enforce federal laws that are no longer illegal in Missouri.
- Prohibits special zoning requirements or licensing fees for cannabis farmers, manufacturers, processors, and distributors.
- Repudiates and challenges federal cannabis prohibitions that conflict with this initiative petition.
- Sets an effective date of no later than April 20th following the election.

This proposal should not have a fiscal impact for their office.

Officials from the **Office of State Courts Administrator** indicated:

The proposed initiative petition would create a new section of the Missouri Constitution to be known as Article IV, section 54. This section would allow citizens over the age of eighteen to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to 2015 for Associate case types is 10,982. They are unable to determine what number of these charges were for someone over the age of eighteen.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund

Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund

Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri

Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes we contract all conflicts to private attorneys, which we are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of St. Joseph** indicated this initiative petition could have a fiscal impact on the local government.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from the **Missouri Western State University** indicated this article will not have a fiscal impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City**, the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

This proposal is estimated to result in annual state savings of $11 million. Additional state operating costs resulting from this proposal are estimated at $700,000 annually. Local law enforcement costs could increase.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 14, 2017

RECEIVED
MAR 14 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed statutory amendment to Chapter 115 (2018-178)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Damien Johnson on March 13, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
MAR 13 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of .....,
A.D.....

.....
Signature of Notary

Notary Public (Seal) .....

My commission expires.....

.....
Address of Notary .

Be it enacted by the people of the state of Missouri

Section 115.457. is amended by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

115.427. 1. Persons seeking to vote in a public election shall establish their identity and eligibility to vote at the polling place by presenting a form of personal identification to election officials. No form of personal identification other than the forms listed in this section shall be accepted to establish a voter's qualifications to vote. Forms of personal identification that satisfy the requirements of this section are any one of the following:

(1) Nonexpired Missouri driver's license;

(2) Nonexpired or nonexpiring Missouri nondriver's license;

(3) A document that satisfies all of the following requirements:

(4) A student ID from a Missouri institution of higher education.

(a) The document contains the name of the individual to whom the document was issued, and the name substantially conforms to the most recent signature in the individual's voter registration record;

(b) The document shows a photograph of the individual;

(c) The document includes an expiration date, and the document is not expired, or, if expired, the document expired after the date of the most recent general election; and

(d) The document was issued by the United States or the state of Missouri; or

(4) Any identification containing a photograph of the individual which is issued by the Missouri National Guard, the United States Armed Forces, or the United States Department of Veteran Affairs to a member or former member of the Missouri National Guard or the United States Armed Forces and that is not expired or does not have an expiration date.

2. (1) An individual who appears at a polling place without a form of personal identification described in subsection 1 of this section and who is otherwise qualified to vote at that polling place may execute a statement, under penalty of perjury, averring that the individual is the person listed in the precinct register; averring that the individual does not possess a form of personal identification described in subsection 1 of this section; acknowledging that the individual is eligible to receive a Missouri nondriver's license free of charge if desiring it in order to vote; and acknowledging that the individual is required to present a form of personal identification, as described in subsection 1 of this section, in order to vote. Such statement shall be executed and sworn to before the election official receiving the statement. Upon executing such statement, the individual may cast a regular ballot, provided such individual presents one of the following forms of identification:

(a) Identification issued by the state of Missouri, an agency of the state, or a local election authority of the state;

(b) Identification issued by the United States government or agency thereof;

(c) Identification issued by an institution of higher education, including a university, college, vocational and technical school, located within the state of Missouri;

(d) A copy of a current utility bill, bank statement, government check, paycheck, or other government document that contains the name and address of the individual;

(e) Other identification approved by the secretary of state under rules promulgated pursuant to this section.

(2) For any individual who appears at a polling place without a form of personal identification described in subsection 1 of this section and who is otherwise qualified to vote at that polling place, the election authority may take a picture of such individual and keep it as part of that individual's voter registration file at the election authority.

(3) Any individual who chooses not to execute the statement described in subdivision (1) of this subsection may cast a provisional ballot. Such provisional ballot shall be counted, provided that it meets the requirements of subsection 4 of this section.

(4) For the purposes of this section, the term "election official" shall include any person working under the authority of the election authority.

3. The statement to be used for voting under subdivision (1) of subsection 2 of this section shall be substantially in the following form:

"State of .....

County of .....

I do solemnly swear (or affirm) that my name is .....; that I reside at .....; that I am the person listed in the precinct register under this name and at this address; and that, under penalty of perjury, I do not possess a form of personal identification approved for voting. As a person who does not possess a form of personal identification approved for voting, I acknowledge that I am eligible to receive free of charge a Missouri nondriver's license at any fee office if desiring it in order to vote. I furthermore acknowledge that I am required to present a form of personal identification, as prescribed by law, in order to vote.

I understand that knowingly providing false information is a violation of law and subjects me to possible criminal prosecution.

.....

Signature of voter

Subscribed and affirmed before me this ..... day of ....., 20....

.....

Signature of election official"

4. A voter shall be allowed to cast a provisional ballot under section 115.430 even if the election judges cannot establish the voter's identity under this section. The election judges shall make a notation on the provisional ballot envelope to indicate that the voter's identity was not verified. The provisional ballot cast by such voter shall not be counted unless:

(1) (a) The voter returns to the polling place during the uniform polling hours established by section115.407 and provides a form of personal identification that allows the election judges to verify the voter's identity as provided in subsection 1 of this section; or

(b) The election authority verifies the identity of the individual by comparing that individual's signature to the signature on file with the election authority and determines that the individual was eligible to cast a ballot at the polling place where the ballot was cast; and

(2) The provisional ballot otherwise qualifies to be counted under section 115.430.

5. The secretary of state shall provide advance notice of the personal identification requirements of subsection 1 of this section in a manner calculated to inform the public generally of the requirement for forms of personal identification as provided in this section. Such advance notice shall include, at a minimum, the use of advertisements and public service announcements in print, broadcast television, radio, and cable television media, as well as the posting of information on the opening pages of the official state internet websites of the secretary of state and governor.

6. (1) Notwithstanding the provisions of section 136.055 and section 302.181 to the contrary, the state and all fee offices shall provide one nondriver's license at no cost to any otherwise qualified voter who does not already possess such identification and who desires the identification in order to vote.

(2) This state and its agencies shall provide one copy of each of the following, free of charge, if needed by an individual seeking to obtain a form of personal identification described in subsection 1 of this section in order to vote:

(a) A birth certificate;
(b) A marriage license or certificate;
(c) A divorce decree;
(d) A certificate of decree of adoption;
(e) A court order changing the person's name;
(f) A Social Security card reflecting an updated name; and
(g) Naturalization papers or other documents from the United States Department of State proving citizenship.

Any individual seeking one of the above documents in order to obtain a form of personal identification described in subsection 1 of this section in order to vote may request the secretary of state to facilitate the acquisition of such documents. The secretary of state shall pay any fee or fees charged by another state or its agencies, or any court of competent jurisdiction in this state or any other state, or the federal government or its agencies, in order to obtain any of the above documents from such state or the federal government.

(3) All costs associated with the implementation of this section shall be reimbursed from the general revenue of this state by an appropriation for that purpose. If there is not a sufficient appropriation of state funds, then the personal identification requirements of subsection 1 of this section shall not be enforced.

(4) Any applicant who requests a nondriver's license for the purpose of voting shall not be required to pay a fee if the applicant executes a statement, under penalty of perjury, averring that the applicant does not have any other form of personal identification that meets the requirements of this section. The state of Missouri shall pay the legally required fees for any such applicant. The director of the department of revenue shall design a statement to be used for this purpose. The total cost associated with nondriver's license photo identification under this subsection shall be borne by the state of Missouri from funds appropriated to the department of revenue for that specific purpose. The department of revenue and a local election authority may enter into a contract that allows the local election authority to assist the department in issuing nondriver's license photo identifications.

7. The director of the department of revenue shall, by January first of each year, prepare and deliver to each member of the general assembly a report documenting the number of individuals who have requested and received a nondriver's license photo identification for the purposes of voting under this section. The report shall also include the number of persons requesting a nondriver's license for purposes of voting under this section, but not receiving such license, and the reason for the denial of the nondriver's license.

8. The precinct register shall serve as the voter identification certificate. The following form shall be printed at the top of each page of the precinct register:

VOTER'S IDENTIFICATION CERTIFICATE
Warning: It is against the law for anyone to vote, or attempt to vote, without having a lawful right to vote.
PRECINCT
WARD OR TOWNSHIP .....
GENERAL (SPECIAL, PRIMARY) ELECTION
Held ....., 20....
Date

I hereby certify that I am qualified to vote at this election by signing my name and verifying my address by signing my initials next to my address.

9. The secretary of state shall promulgate rules to effectuate the provisions of this section.

10. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2002, shall be invalid and void.

11. If any voter is unable to sign his name at the appropriate place on the certificate or computer printout, an election judge shall print the name and address of the voter in the appropriate place on the precinct register, the voter shall make his mark in lieu of signature, and the voter's mark shall be witnessed by the signature of an election judge.

12. This section shall become effective only upon the passage and approval by the voters of a constitutional amendment submitted to them by the general assembly regarding the authorization of photo identification requirements for elections by general law. If such constitutional amendment is approved by the voters, this section shall become effective June 1, 2017.

(L. 1977 H.B. 101 § 11.045, A.L. 1983 S.B. 234, A.L. 1993 S.B. 31, A.L. 2002 S.B. 675, A.L. 2006 S.B. 1014 & 730, A.L. 2016 H.B. 1631 §§ 115.427 and B)

*Contingent effective date, see subsection 12 of this section. H.B. 1631 was vetoed July 7, 2016. The veto was overridden on September 14, 2016.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
MAR 14 2017
STATE AUDITORS OFFICE

March 14, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article X, version 4 (2018-177)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on March 13, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official ballot Title]

RECEIVED
MAR 13 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1					
2					
3					
4					
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9					
10					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
Signature of Notary

Notary Public (Seal) .....

My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article X section 26 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

Prohibition on new or local sales, use, or other similar transaction-based tax not [subject to such tax as of January 1, 2015]approved by voters. Mandate voter approval before funding or financing sport facilities.

A. Section 26. In order to prohibit an increase in the tax burden on the citizens of Missouri without voter approval, state and local sales and use taxes (or any similar transaction-based tax) shall not be expanded to impose taxes on any service or transaction that was not [subject to sales, use or similar transaction-based tax on January 1, 2015.] approved by voters.

B. Prohibit funding of sports and entertainment stadiums, recreation centers or facilities without voter approval.

C. No unelected governmental body, committee, or commissions shall have the power to spend money, apply for grants, enter into agreements for the purpose of funding sports and entertainment centers, recreation centers or facilities. No unelected body of government body, committee, or commissions shall have to power to sue or be sued in any official capacity to dispute any part of this section.

D. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

All provisions shall take effect immediately upon passage.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
MAR 14 2017
STATE AUDITORS OFFICE

March 14, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article X, version 3 (2018-176)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on March 13, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official ballot Title]

RECEIVED
MAR 13 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1					
2					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
Signature of Notary

Notary Public (Seal) .....

My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article X section 26 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

Prohibition on new or local sales, use, or other similar transaction-based tax not [subject to such tax as of January 1, 2015]approved by voters. Mandate voter approval before funding or financing sport facilities.

A. Section 26. In order to prohibit an increase in the tax burden on the citizens of Missouri without voter approval, state and local sales and use taxes (or any similar transaction-based tax) shall not be expanded to impose taxes on any service or transaction that was not [subject to sales, use or similar transaction-based tax on January 1, 2015.] approved by voters.

B. Prohibit funding of sports and entertainment stadiums, recreation centers or facilities without voter approval.

C. Prohibit expansion, extending, modifying, or amending current or future bonds, tax credits for the purpose of funding sports and entertainment centers, recreation centers or facilities, without voter approval.

D. No unelected governmental body, committee, or commissions shall have the power to spend money, apply for grants, enter into agreements for the purpose of funding sports and entertainment centers, recreation centers or facilities. No unelected body of government body, committee, or commissions shall have to power to sue or be sued in any official capacity to dispute any part of this section.

E. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

All provisions shall take effect immediately upon passage.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 14, 2017

RECEIVED
MAR 14 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article X, version 2 (2018-175)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on March 13, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official ballot Title]

RECEIVED
MAR 13 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D.....

Notary Public (Seal) .....
My commission expires.....

.....
Signature of Notary

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article X section 26 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

Prohibition on new or local sales, use, or other similar transaction-based tax not [subject to such tax as of January 1, 2015]approved by voters. Mandate voter approval before funding or financing sport facilities.

A. Section 26. In order to prohibit an increase in the tax burden on the citizens of Missouri without voter approval, state and local sales and use taxes (or any similar transaction-based tax) shall not be expanded to impose taxes on any service or transaction that was not [subject to sales, use or similar transaction-based tax on January 1, 2015.] approved by voters.

B. Prohibit funding of sports and entertainment stadiums, recreation centers or facilities without voter approval.

C. Prohibit expansion, extending, modifying, or amending current or future bonds, tax credits for the purpose of funding sports and entertainment centers, recreation centers or facilities, without voter approval.

D. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

All provisions shall take effect immediately upon passage.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 14, 2017

RECEIVED
MAR 14 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article X, version 1 (2018-174)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on March 13, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official ballot title]

RECEIVED
MAR 13 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of .....,
A.D.....

.....
Signature of Notary

Notary Public (Seal) .....
My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article X section 26 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

Prohibition on new or local sales, use, or other similar transaction-based tax not [subject to such tax as of January 1, 2015]approved by voters. Mandate voter approval before funding or financing sport facilities.

A. Section 26. In order to prohibit an increase in the tax burden on the citizens of Missouri without voter approval, state and local sales and use taxes (or any similar transaction-based tax) shall not be expanded to impose taxes on any service or transaction that was not [subject to sales, use or similar transaction-based tax on January 1, 2015.] approved by voters.

B. Prohibit funding of sports and entertainment stadiums, recreation centers or facilities without voter approval.

C. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

All provisions shall take effect immediately upon passage.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 14, 2017

RECEIVED
MAR 14 2017
STATE AUDITOR'S OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, version 2 (2018-173)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on March 13, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
MAR 13 2017
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

Subscribed and sworn to before me this ..... day of .....,
A.D.....

.....
Address of Affiant

Notary Public (Seal) .....
My commission expires.....

.....
Signature of Notary

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Cannabis Treatment Amendment

2. Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof. This Amendment shall apply to all rsmo mentioning marijuana.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.

a) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

b) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.

4. The Missouri legislature may pass laws that doesn't conflict with this amendment. Medical cannabis, commonly known as marijuana, shall be available to patients who with a doctor's recommendation and Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section two; clause a of this amendment, shall be available with a doctor's recommendation. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture:

a) All Missouri patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

f) Primary caregiver shall not be subjected to criminal or civil charges for providing cannabis to patients who been given a doctor's a medical professional.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for medical treatment to a person engaged in personal use.

6. Medical dispensaries shall verify the following:

a) The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.

b) If, primary caregiver, the dispensary verifies the patient and the primary caregiver.

c) The patient's 9 digit random alphabet. Dispensaries my issue a random alphabet after verifying the Doctor's Recommendation.

d) Retail cannabis products for medical use shall contain appropriate labeling, which outlines the weight and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis. Labels shall not be false or misleading, and should be based on data derived from scientific study and prevailing human experience

7. The Department of Health and Human Services shall issue 9 digit random alphabet out to patients and keep records of the alphabet on a state wide registry. The registry is to verify it's a patient and it shall not be subjected to Sunshine request under rsmo chapter 610. No law enforcement agency my access the list without a warrant. Law enforcement agencies my only view a printed list but not electronically. Dispensaries shall the Register with the the Department of Health and Human Services for:

a) licensing and regulations

b) paying fees of no more than $100.00

c) to assist with the 9 digit random alphabet registry.

8. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court.

9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.

11. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.This shall
12. become effective on December 6th 2018.

13. In the November general of 2020, voters shall vote to repeal the above sections 1 through 12 & replace it with the below section 14 through 26. A yes vote approve the repeal above sections 1 through 12 and replace with below sections 14 through 26. If voters fail shall to vote yes, the above sections 1 though 12 remains and voters shall vote again every four years until voters vote yes.

14.The following shall be called the Cannabis Legalization Amendment

15.Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

16. The Missouri legislature my pass laws that doesn't conflict with this amendment. Marijuana shall shall not be listed in Missouri Controlled Substance to reflect the change that cannabis as defined in section 14; clause a, are permitted for personal use for persons 21 of age or older and shall be available with a doctor's recommendation without an age limit. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture.

a) Adult Possession of cannabis for personal at 21 years or older.

b) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

c) Providing cannabis, cannabis accessories, and products for sale to consumers. Retail cannabis products for medical or personal use shall contain appropriate labeling, which outlines the weight and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis. Labels shall not be false or misleading, and should be based on data derived from scientific study and prevailing human experience

17. Medical cannabis shall be available to patients who have a physician's recommendation.

a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for, nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.

Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

18. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.

19. Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for medical treatment

20. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.

21. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for nonviolent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.

(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related nonviolent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.

22. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.

23. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

24. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

25. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:

26. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 14, 2017

RECEIVED
MAR 14 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, version 1 (2018-172)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on March 13, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
MAR 13 2017
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

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Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
Address of Affiant

.....
Signature of Notary

Notary Public (Seal) .....

My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Cannabis Treatment Amendment

2. Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof. This Amendment shall apply to all rsmo mentioning marijuana.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.

a) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

b) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.

4. The Missouri legislature may pass laws that doesn't conflict with this amendment. Medical cannabis, commonly known as marijuana, shall be available to patients who with a doctor's recommendation and Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section two; clause a of this amendment, shall be available with a doctor's recommendation. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture:

a) All Missouri patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

f) Primary caregiver shall not be subjected to criminal or civil charges for providing cannabis to patients who been given a doctor's a medical professional.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for medical treatment to a person engaged in personal use.

6. Medical dispensaries shall verify the following:

a) The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.

b) If, primary caregiver, the dispensary verifies the patient and the primary caregiver.

c) The patient's 9 digit random alphabet. Dispensaries my issue a random alphabet after verifying the Doctor's Recommendation.

d) Retail cannabis products for medical use shall contain appropriate labeling, which outlines the weight and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis. Labels shall not be false or misleading, and should be based on data derived from scientific study and prevailing human experience

7. The Department of Health and Human Services shall issue 9 digit random alphabet out to patients and keep records of the alphabet on a state wide registry. The registry is to verify it's a patient and it shall not be subjected to Sunshine request under rsmo chapter 610. No law enforcement agency my access the list without a warrant. Law enforcement agencies my only view a printed list but not electronically. Dispensaries shall the Register with the the Department of Health and Human Services for:

a) licensing and regulations b) paying fees of no more than $100.00 c) to assist with the 9 digit random alphabet registry.

8. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court.

9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.

11. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.This shall

12. become effective on December 6th 2018.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-172)

Subject

Initiative petition from Damien Johnson regarding a proposed constitutional amendment to Article IV. (Received March 14, 2017)

Date

April 3, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** estimated increased fund costs (General Revenue) of $0 in fiscal year 2018, Unknown>$121,565 in fiscal year 2019, and Unknown>$169,098 in fiscal year 2020.

Section 192.945, RSMo allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for medical purposes. Therefore, persons with intractable epilepsy would not need to apply for a hemp extract registration card in order to legally use the CBD oil.

They expect rental space for two staff located in Jefferson City would be required: 2 staff x 230 sq.ft./FTE x $21.00 = $9,660.

They indicated marijuana cultivation facilities, products manufacturer, dispensary, and testing facilities may be established as small businesses.

This proposal does not require their department to issue any licenses or conduct inspections to ensure the safety of marijuana infused food products. However, sections 196.010 through 196.298, RSMo gives their department responsibility for the regulation of food to include such duties as ensuring food safety, sanitation, and proper labeling, etc. Therefore, they would have responsibility to assure that facilities manufacturing foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

Section 54.6 of Article 4 of the proposal delineates responsibility to the Department of Health and Human Services It is unknown if this section was intended to refer to the Department of Health and Senior Services (Missouri state agency) instead of the

Department of Health and Human Services (federal agency). It is unclear if and how this section would affect DHSS. .

Due to the broad parameters of this proposal, it is difficult to determine how many food manufacturing facilities would be established. For the purposes of this fiscal note, they estimate that there will be at least 300 food manufacturing facilities that will be established as a result of this proposal. In order to properly inspect these manufacturing facilities, DCPH would require a minimum of two additional Environmental Public Health Specialist IV staff ($44,352, A27, Step G). This proposal is to be effective December 6, 2018. Therefore, DCPH assumes that the two Environmental Public Health Specialist IV positions would begin December 6, 2018.

Because of the ambiguity of the language and terms used in Section 54.6 of the proposed, it is unknown if and how DHSS is affected. Therefore, the estimated costs are unknown.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $1,272,435 in fiscal year 2019 (6 Months), $6,295,004 in fiscal year 2020, $9,991,237 in fiscal year 2021, $11,037,904 in fiscal year 2023 and thereafter.

This proposed initiative amends Article 4 of the Missouri Constitution by the addition of Section 54. IP 18-172 is identical to the first part of FY17 IP 18-118 which decriminalizes the medicinal and recreational use of cannabis for all ages. The petition lists the old Chapter 195 codes for repeal or revision rather than the current Chapter 579 drug offenses; however, the petition contains a caveat that the list is not exhaustive.

The author of IP 18-172 names the petition the “Cannabis Treatment Amendment.” This new proposal retains cannabis and hemp on the Missouri Revised Statutes list of controlled substances. Section 4 makes cannabis available for medical use for persons including those under age 18 years with parent/guardian consent and physician recommendation. However, section 3 removes the penalty for possession, production, cultivation, processing, and distribution without stipulating any age limitations. The petition protects caregivers from prosecution for providing medical marijuana to patient under age 18 years (Section 4f). Patients are extended all rights to medical care while on cannabis treatment. Physician’s rights are protected. Department of Health and Social Services is responsible for the following concerning medical cannabis dispensing: create statewide registry; creating licensing, regulations and fees; and issue a “9 digit random

alphabet" [sic] to replace patient's name. Current offenders, under their supervision, are released and records are expunged for nonviolent, medically-related cannabis offenses. A class A misdemeanor is imposed for those who prevent implementation of the law (section 9). Zoning requirements for cultivation or manufacturing of cannabis are prohibited. The effective date is December 6, 2018.

As enumerated in previous FY17 Fiscal Notes, this proposed amendment criminalizes impediments to its provisions with a class A misdemeanor charge (sections 9). Their department currently has no jurisdiction over class A misdemeanor and thus this aspect of the IP 18-172 does not affect their department.

Beginning December 6, 2018, cannabis/hemp possession is legal for everyone, usage for medical cannabis is legal for those under age 18, and nonviolent offenders with medically-related cannabis violations are released with records expunged (section 8). No data exists for the number of offenders with medically-related cannabis offenses; therefore, in regard to section 8, no release from prison or field population is expected during this time frame. Their department will experience a drop in admissions to incarceration and field supervision with the decriminalization of cannabis/hemp possession, cultivation, manufacture, and distribution at any age and for medical use for those under age 18. The yearly impact of removing cannabis violations from Missouri statutes is a decrease in 237 offenders admitted to prison and a decrease of 1269 admitted to probation. For felony cannabis offenses, persons incarcerated serve 1.1 years in prison and 2.5 years on parole. For those sent to probation the average time served is 2.5 years.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Missouri State Highway Patrol** indicated they expect increased operating costs of $426,235 for the first year implemented, $487,385 for the second year implemented, and $492,597 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

Criminal Justice Information Services Division

The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094
RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Divison

Currently, there are 31,132 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest records with a court conviction and an NCIC modifier of 60-64 that relate to marijuana offenses. Given

this, if only 30 percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require four FTE's. However, if a large number of these expungements were to be granted with even four FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 13 FTE's to complete this task in approximately one year. The addition of 13 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 31,132 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

15% = 31,132 x .15 =4,670 / 2,485 = 2 FTE's
30% = 31,132 x .30 = 9,340 / 2,485 = 4 FTE's
50% = 31,132 x .50 = 15,566 / 2,485 = 6 FTE's
100% = 31,132 / 2,485 = 13 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing 30 percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

4 Quality Control Clerks ($1,015 x 24)	$97,440
Equipment/Office Furniture	$6,094

RECURRING COSTS

Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests. The Office of Administration states that 920 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft
Utility Costs	$2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date

listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. For example, it is uncertain what a cannabis related non-violent civil and criminal record is. It is unclear if individuals with the aforementioned conviction records are required to abide by the expungement process mandated by various other state statutes or are the records just automatically expunged?

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Changes to Missouri's state driving laws could impact some federal commercial drivers' license laws.

Failure to comply with 49 C.F.R. 384.225 & 384.226 could result in a withholding of Missouri's federal-aid highway funds apportioned to it under each of Title 23, United States Code (U.S.C.), sections 104(b)(1), (b)(3), and (b)(4). The federal funds impacted consist of national highway performance program funds, highway safety improvement program funds and congestion mitigation and air quality improvement funds. The withholding amount would be 4 percent for the first year of non-compliance and 8 percent for the second and subsequent years.

Officials from the **Office of Administration** (OA) indicated:
Section 54 of Article IV would:

- Allow the use of marijuana, as well as the cultivation, production, transportation and retail sale of medical marijuana and related products.
- Prohibit any special zoning or licensing requirements for marijuana facilities, farmers, manufacturers, etc.
- Allow the sale of marijuana to individuals under the age of 18 with physician and parental permission.

- Allow the Missouri Legislature to pass laws that do not conflict with this amendment.
- Require the Department of Health and Human Services to issue patients a 9-digit random identification. However, B&P notes that there is no Department of Health and Human Services in Missouri. B&P assumes this reference is to the Missouri Department of Health and Senior Services.
- Allow registration fees up to $100 for dispensaries. B&P does not have enough information to estimate the potential revenue impact from these fees.
- Require the immediate release of all prisoners that have been convicted in Missouri of a nonviolent cannabis related crime and the expungement of all related charges from their records.
- Require the provisions of Section 54 to begin December 6, 2018.

B&P does not have enough information to estimate any potential revenue impact from this initiative petition.

There should be no impact to their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of their office, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because we track our cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, they are already significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes we contract all conflicts to private attorneys, which we are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of their office, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much money needs to be added to our budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of St. Joseph** indicated this initiative petition will not have a fiscal impact.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from the **Missouri Western State University** indicated this article will not have a fiscal impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City**, the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

This proposal is estimated to result in annual state cost savings of $6.3 million. State government entities estimate increased annual operating costs of $662,000 with the potential for additional increase. State government entities expect an unknown change in revenue. Local law enforcement costs could increase.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
MAR 14 2017
STATE AUDITORS OFFICE

March 14, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article I (2018-171)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on March 13, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
MAR 13 2017
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
Address of Affiant

.....
Signature of Notary

Notary Public (Seal) .....

My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

35 of Article I of the Constitution of Missouri is amended by modifying section 35. The existing section 35 is set forth hereinafter with the new matter bold and deleted matter in brackets,

Definitions of terms, as used in this Act:

a) Cannabis: refers to the cannabis, marihuana, marijuana, cannabis, sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including but not limited to, derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof

b) Hemp: The fiber of this plant, extracted from the stem and used to make rope, fabrics, fiberboard, clothing, and paper. The sister plant of cannabis

That agriculture which provides food, energy, health benefits, and security is the foundation and stabilizing force of Missouri's economy. To protect this vital sector of Missouri's economy, the right of farmers and ranchers to engage in farming and ranching practices, including but not limited to the right to grow cannabis and hemp, shall be forever guaranteed in this state, subject to duly authorized powers, if any, conferred by article VI of the Constitution of Missouri.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 13, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

MAR 13 2017
STATE AUDITORS OFFICE

RE: Petition approval request from Theodis Brown regarding a proposed statutory amendment to Chapter 321 (2018-170)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Theodis Brown on March 13, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable , Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the 221.130 shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the th day of November, , and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

RECEIVED
MAR 13 2017
MO. SECRETARY OF STATE

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

petition to invoke section 321.130rsmo2016 qualifications of fire directors

Be it enacted by the peoples of state of missouri;Shall section 321.130rsmo be repealed&amended to allow only graduates of NFPA code 1001 FF1&FF2 fire academy classes to serve as directors fire districts in missouri; YES? OR NO?

Directors, qualifications--candidate filing fee, oath.

321.130. A person, to be qualified to serve as a director, shall be a resident and voter of the district for at least one year before the election or appointment and be over the age of twenty-four years. In the event the person is no longer a resident of the district, the person's office shall be vacated, and the vacancy shall be filled as provided in section 321.200. Nominations and declarations of candidacy shall be filed at the headquarters of the fire protection district by paying a filing fee equal to the amount of a candidate for county office as set forth under section 115.357, and filing a statement under oath that such person possesses the required qualifications. Thereafter, such candidate shall have the candidate's name placed on the ballot as a candidate for director.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

March 7, 2017

RECEIVED
MAR 07 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Theodis Brown regarding a proposed statutory amendment to Chapter 320 (2018-169)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Theodis Brown on March 6, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable _____, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the 220271 is shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the ___ day of November, ____, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

CIRCULATOR'S AFFIDAVIT

RECEIVED
MAR 06 2017
MO. SECRETARY OF STATE

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

AN ACT

To repeal section 320.271, RSMo, and to enact in lieu thereof one new section relating to information filed with the state fire marshal.

BE IT ENACTED BY THE PEOPLES OF THE STATE OF MISSOURI, AS FOLLOWS:

Section A. Section 320.271, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 320.271, to read as follows:

320.271. All fire protection districts, fire departments, and all volunteer fire protection associations as defined in section 320.300 shall complete and file with the state fire marshal within sixty days after January 1, 2008, and annually thereafter, a fire department registration form provided by the state fire marshal. The state fire marshal may issue a fire department identification number to each registered fire protection district, fire department, or volunteer fire protection association based upon such registration. [The state fire marshal may conduct periodic reviews of the information provided on each fire department registration form[, and may deny or revoke a fire department identification number based upon the information provided]].

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 23, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
FEB 23 2017
STATE AUDITORS OFFICE

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III (2018-168)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on February 23, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
FEB 23 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by repealing Section 9 and amending Section 2, 5, and 7 to read as follows:

Section 2. **[**Election of representatives—apportionment commission, appointment, duties, compensation.**]** Beginning with the selection of candidates and election of representatives in the general election to be held in November of 2020, **[**The**]** the house of representatives shall consist of **[**one hundred sixty-three**]** ten members from each congressional district elected at each general election. **[**and apportioned in the following manner: Within sixty days after the population of this state is reported to the President for each decennial census of the United States and, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days after notification by the governor that such a ruling has been made, the congressional district committee of each of the two political parties casting the highest vote for at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state representative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

The commissioners so selected shall on the fifteenth day, excluding Sundays and holidays, after all members have been selected, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary and shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission, the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.**]**

Section 5. The senate shall consist of thirty-four members, divided in two groups of seventeen each, elected by the qualified voters of the **[**respective districts**]** state of Missouri for four years. **[**For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.**]**

Section 7. **[**Within sixty days after the population of this state is reported to the President for each decennial census of the United States, and within sixty days after notification by the governor that a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts. If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

The commissioners so selected shall on the fifteenth day, excluding Sundays and holidays, after all members have been selected, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary and shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission, the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven members.
After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.
No reapportionment shall be subject to the referendum.]

An ordered list of candidates, ranked by number of votes received, from most to last, from each political party that is to appear on the ballot for both the senate and the house of representatives in each general election will be determined by means of a primary election, with each party electing a number of candidates up to, but not exceeding, the number of members to be elected. All qualified candidates who file for each party's nomination will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and will cast a single vote for a single candidate to be nominated from that party for each office to be elected in the general election to follow.

A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the house in each congressional district by presenting petitions signed by one-half of one per cent of the legal voters in that congressional district. An independent candidate may qualify for a place on the ballot in a congressional district by presenting petitions signed by one-fifth of one percent of the legal voters in that congressional district. A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot for the senate by presenting petitions signed by one-half of one per cent of the legal voters in the state of Missouri. An independent candidate may qualify for a place on the ballot for the senate by presenting petitions signed by one-fifth of one percent of the legal voters in the state of Missouri. The number of "legal voters" is equal to, and determined by, the total vote for governor in the general election last preceding. Said petitions to be delivered to the secretary of state no later than ninety days preceding the general election. At the time the petitions are presented, the political party will also notify the secretary of state of the method to be used by said party in nominating a slate of candidates.

The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.

In each general election, each voter will cast a single vote for the ordered list of a political party, or for a single independent candidate appearing on the ballot, or for a single write-in vote for a candidate not appearing on the ballot, having properly registered with the secretary of state as a write-in candidate.

To determine how many seats in the house of representatives and the senate will be assigned to each political party and which independent or write-in candidates will be assigned seats (if any), the total number of valid votes cast for all parties and independent candidates will be divided by the number of seats to be elected to the house of representatives or to the senate. The resulting number is then to be rounded to the nearest whole number. The total number of votes cast for each party or independent or write-in candidate is then to be divided by that number and each party is awarded that number of seats, with any remaining votes for each party above the number needed to win that many seats calculated as "surplus votes" for that party. Any independent candidate receiving at least the number of votes needed for a seat is elected. The votes for any party or independent candidate falling short of the number needed to be elected are also treated as surplus votes.

The surplus votes of any political party or independent candidate having surplus votes, but not having enough surplus votes to win an additional seat, or a seat, may have those surplus votes transferred to another political party or independent candidate by notifying the Secretary of State in writing at least fourteen days before the date of the general election.

The number of seats thus assigned is calculated and subtracted from the total number of seats to be awarded. Any remaining seats are then awarded, in order, to the party or independent candidate with the highest number of surplus votes.

In both primary and general elections, officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

If a senator or representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, the seat shall be filled by the next candidate from her or his party's ordered list, or in the case of an independent candidate, the candidate would have been elected had there been one more member elected using the prescribed method for tabulating votes.

[Section 9. Until the convening of the Seventy-fourth General Assembly the House of Representatives shall consist of one hundred sixty-three members elected from the one hundred sixty-three representative districts, as they existed January 1, 1965.]

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 23, 2017

RECEIVED
FEB 23 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article I, version 2 (2018-167)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on February 23, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
FEB 23 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I, Section 2 of the Constitution is amended to read as follows:

Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design.

To secure these rights, governments are instituted among people, deriving their just powers from the consent of the governed. Artificial entities, such as corporations, limited liability companies, and other entities formed primarily as a form of business organization, established by law, enjoy the advantages of unlimited life, the ability to raise large sums of money, and limited liability. Contributions and expenditures by such artificial entities, made directly or indirectly through political action committees, intended to influence in various ways the election of candidates for public office or ballot measures, all too often evince a design to gain unfair advantages for these artificial entities, often at the expense of the general welfare of natural persons.

The rights protected by the Constitution of the State of Missouri are the rights of natural persons only. Artificial entities, such as corporations, limited liability companies, and other entities formed primarily as forms of business organization, established by the laws of any State, the United States, or any foreign state are subject to regulation by the People of Missouri, through State, or local law, and shall have only those rights under this Constitution that are specifically granted to them by the People of Missouri, through State, or local law, and shall not be construed to be inherent or inalienable.

The state of Missouri, to give security to the rights of natural persons, may, and hereby does, limit the right to make contributions or expenditures to influence the election of any candidate or ballot measure to natural persons and associations of natural persons that prohibit and exclude direct or indirect contributions from artificial entities, such as corporations, limited liability companies, and other entities formed primarily as forms of business organization.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 23, 2017

RECEIVED
FEB 23 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article I, version 1 (2018-166)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on February 23, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
FEB 23 2017
MO. SECRETARY OF STATE

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FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

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Street address of Affiant

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Printed Name of Affiant

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City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

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Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I, Section 2 of the Constitution is amended to read as follows:

Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design.

To secure these rights, governments are instituted among people, deriving their just powers from the consent of the governed. Artificial entities, such as corporations, limited liability companies, and other entities, established by law, typically enjoy the advantages of unlimited life, the ability to raise large sums of money, and limited liability. Contributions and expenditures by such artificial entities, intended to influence in various ways the election of candidates for public office or ballot measures, all too often evince a design to gain unfair advantages for these artificial entities, often at the expense of the general welfare of natural persons.

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JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 23, 2017

RECEIVED
FEB 23 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapter 128, Sections 346 & 348 (2018-165)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on February 23, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
FEB 23 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

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FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

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Signature of Affiant (Person obtaining signatures)

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Street address of Affiant

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Printed Name of Affiant

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City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

Sections 128.346 and 128.348 of the Revised Missouri Statutes are hereby amended, to read as follows:

128.346. The districts established by the provisions of sections 128.400 to 128.440 for the election of representatives to the Congress of the United States shall be effective beginning with election to the 108th Congress and through the election of the 112th Congress. The districts established by sections 128.451 to 128.458 for the election of representatives to the Congress of the United States shall be effective beginning with the election to the 113th Congress. Effective beginning with the election of representatives to the 117th Congress, representatives to the Congress of the United States shall be elected at large, in the manner prescribed by section 128.348.

128.348. 1. The state of Missouri is hereby divided into nine congressional districts. Effective with the election for the 113th Congress, the state of Missouri shall consist of eight congressional districts. **[**The legal voters of each district shall elect one member of Congress of the United States.**]** Effective with the election for the 117th Congress, representatives to the Congress of the United States shall be elected according to the method described herein.

2. Each political party shall nominate an ordered list of candidates, including a number no greater than the number of representatives (members) to which the state of Missouri is entitled.

3. Each political party may determine its ordered list of candidates through a primary election, caucuses, a statewide party nominating convention, or a combination of caucuses and a statewide party nominating convention.

4. A primary election will be the default method for parties to select an ordered list of candidates. Should a political party determine that they will select candidates by caucuses, statewide party convention, or a combination of caucuses and a statewide party convention, a legally designated representative of the party will notify the secretary of state, in writing, of the method to be used, no later than the first day of April of an election year.

5. If a political party elects to use a primary election as the means of determining its candidates for the general election, all qualified candidates who file for said party's nominations will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and for one, and only one, candidate from that party.

6. An ordered list of candidates for each party, including a number of candidates totally up to two more than the number of seats in Congress to which the state of Missouri is entitled, will be placed on the ballot in the general election, based on the number of votes received by each candidate in the primary election for each party.

7. Should a party elect to nominate candidates for the general election by means of caucuses and/or a statewide party convention, an ordered list of that party's candidates shall be filed with the secretary of state's office no less than 90 days before the general election date in election years.

8. To qualify for a place on the ballot, an independent candidate must present petitions signed by one-quarter of one percent of the legal votes cast for the sum of all candidates for the United States House of Representatives from Missouri in the general election last preceding. Said petitions must be delivered to the secretary of state no later than one-hundred and twenty days before the general election.

9. The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.

10.) In each general election, each voter will cast a single vote for a political party, and its ordered list of candidates, or for an independent candidate for Congress appearing on the ballot, or a single write-in vote for a candidate not appearing on the ballot, having properly registered with the secretary of state as a write-in candidate.

11. The following method of tabulation shall be used to determine how many representatives (electors) will be awarded to each political party and which independent candidates will be elected (if any):

(1) The total number of valid votes cast for all parties and independent candidates will be divided by the number of representatives to be elected. The resulting number is then to be rounded to the nearest whole number. The total number of votes cast for each party or independent candidate is then to be divided by that number and each party is awarded that number of representatives and the candidates from that parties ordered list are elected. Any independent or valid write-in candidate receiving at least the number of votes needed to be elected is elected.

(2) Any remaining votes for each party above the number needed to elect those representatives are "surplus votes" for that party. The votes for any party or independent candidate or valid write-in candidate falling short of the number needed to be elected are also treated as surplus votes.

(3) The number of representatives thus elected is subtracted from the total number of representatives to be elected. If the number of representatives thus elected is fewer than the number to which the state of Missouri is entitled, additional representative will be elected, in order, based on the highest number of surplus votes. The next candidate(s) from the ordered list of a party that has already had some candidates elected, the first candidate from the ordered list of a party that has not had a candidate elected, or the independent or valid write-in candidate, with the most surplus votes is elected.

(4) In both primary and general elections, officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

12. If a representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, she or he will be replaced by the next nominee from her or his party's ordered list of candidates, or in the case of an independent candidate, by the candidate with the next greatest number of surplus votes.

13. All subsections and all clauses of this statute, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 23, 2017

RECEIVED
FEB 23 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapter 128, Section 005 (2018-164)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on February 23, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

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Sheri Hoffman
Trish Vincent

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Page No. _____

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INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

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FEB 23 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

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Street address of Affiant

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Printed Name of Affiant

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City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

Section A. Chapter 128, RSMo, is amended by adding thereto one new section, to be known as Section 128.005, to read as follows:

128.005. 1. This section shall be known and may be cited as the "Interstate Compact on the Agreement Among the States to Elect the President by National Popular Vote Act."

2. The State of Missouri ratifies and approves the following compact: Agreement Among the States to Elect the President by National Popular Vote.

Article I – Membership. Any State of the United States and the District of Columbia may become a member of this agreement by enacting this agreement.

Article II – Right of the People in Member State to Vote for President and Vice President. Each member state shall conduct a statewide popular election for President and Vice President of the United States.

Article III – Manner of Appointing Presidential Electors in Member States

1. Prior to the time set by law for the meeting and voting by the presidential electors, the chief election official of each member state shall determine the number of votes for each presidential slate in each state of the United States and in the District of Columbia in which votes have been cast in a statewide popular election and shall add such votes together to produce a "national popular vote total" for each presidential slate.

2. The chief election official of each member state shall designate the presidential slate with the largest national popular vote total as the "national popular vote winner."

3. The presidential elector certifying official of each member state shall certify the appointment in that official's own state of the elector slate nominated in that state in association with the national popular vote winner.

4. At least six days before the day fixed by law for the meeting and voting by the presidential electors, each member state shall make a final determination of the number of popular votes cast in the state for each presidential slate and shall communicate an official statement of such determination within 24 hours to the chief election official in each other member state.

5. The chief election official of each member state shall treat as conclusive an official statement containing the number of popular votes in a state for each presidential slate made by the day established by federal law for making a state's final determination conclusive as to the counting of electoral votes by Congress.

6. In event of a tie for the national popular vote winner, the presidential elector certifying official of each member state shall certify the appointment of the elector slate nominated in association with the presidential slate receiving the largest number of popular votes within that official's own state.

7. If for any reason, the number of presidential electors nominated in a member state in association with the national popular vote winner is less than or greater than that state's number of electoral votes, the presidential candidate on the presidential slate that has been designated as the national popular vote winner shall have the power to nominate the presidential electors for that state and that state's presidential elector certifying official shall certify the appointment of such nominees. The chief election official of each member state shall immediately release to the public all vote counts or statements of votes as they are determined or obtained.

8. This article shall govern the appointment of presidential electors in each member state in any year in which this agreement is, on July 20, in effect in states cumulatively possessing a majority of the electoral votes.

Article IV – Other Provisions

1. This agreement shall take effect when states cumulatively possessing a majority of the electoral votes have enacted this agreement in substantially the same form and the enactments by such states have taken effect in each state.

2. Any member state may withdraw from this agreement, except that a withdrawal occurring six months or less before the end of a President's term shall not become effective until a President or Vice President shall have been qualified to serve the next term.

3. The chief executive of each member state shall promptly notify the chief executive of all other states of when this agreement has been enacted and has taken effect in that official's state, when the state has withdrawn from this agreement, and when this agreement takes effect generally.

4. This agreement shall terminate if the electoral college is abolished.

5. In any provision of this agreement is held invalid, the remaining provisions shall not be affected.

Article V – Definitions. For purposes of this agreement:

1. "Chief Executive" shall mean the Governor of s State of the United States or the Mayor of the District of Columbia;

2. "Elector slate" shall mean a slate of candidates who have been nominated in a state for the position of presidential elector in association with a presidential slate;

3. "Chief election official" shall mean the state official or body that is authorized to certify the total number of popular votes for each presidential slate;

4. "Presidential elector" shall mean an elector for President and Vice President of the United States;

5. "Presidential elector certifying official" shall mean the state official or body that is authorized to certify the appointment of the state's presidential electors;

6. "Presidential slate" shall mean a slate of two persons, the first of whom has been nominated as a candidate for President of the United States and the second of whom has been nominated as a candidate for Vice President of the United States, or any legal successors to such persons, regardless of whether both names appear on the ballot presented to the voter in a particular state;

7. "State" shall mean a State of the United States and the District of Columbia; and

8. "Statewide popular election" shall mean a general election in which votes are cast for presidential slates by individual voters and counted on a statewide basis.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-164)

Subject

Initiative petition from Winston Apple regarding a proposed amendment to Chapter 128 of the Revised Statutes of Missouri. (Received February 23, 2017)

Date

March 15, 2017

Description

This proposal would amend Chapter 128 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the

costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no impact.

Officials from the **Office of Administration** indicated this proposal amends Section 128.005 RSMo to ratify and approve the "Interstate Compact on the Agreement Among the States to Elect the President by National Popular Vote Act". This Agreement would become effective when states cumulatively possessing a majority of the electoral votes have enacted it in substantially the same form.

This should not impact their office and they defer to the Secretary of State for any fiscal impact of the proposed changes.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any substantial impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this amendment will have no fiscal impact on their city.

Officials from the **City of St. Joseph** indicated this initiative petition should not have a fiscal impact on the local government.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia**, the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College**.

Fiscal Note Summary

It is estimated this proposal will result in no costs or savings for state and local governmental entities.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 15, 2017

RECEIVED
FEB 15 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Doug Burlison regarding a proposed constitutional amendment to Article IV (2018-163)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Doug Burlison on February 15, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
FEB 15 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant

Subscribed and sworn to before me, this _____ day of _____, A.D. _____ .

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals, in part or in whole, and Amends various statutes and subsections including but not necessarily limited to RSMo 87.400.1(6), 87.400.1(7), 87.505.1(12), 87.505.1(13), 105.1108.1, 105.1112.1, 192.945.1, 195.010.1(17)(g), 195.010.1(l), 195.010.1(24), 195.010.1(40), 195.017.1(4)(w), 195.017.1(4)(ee), 195.017.2(4)(w), 195.017.2(ee), 195.140.2, 195.207.1, 195.211.1, 195.222.1(7), 195.223.1(7), 195.223.1(8), 261.265.1, 263.250.1, 261.265.1, 306.110.1(2), 579.015.1(2), 579.015.1(3), 579.015.1(4), 579.015.1(5), 579.020.1(2), 579.020.1(3), 579.020.1(4), 579.020.1(5), 577.024.1(2), 579.030.1, 579.055.1(3), 579.055.1(4), 579.068.1(7), 579.068.1(9)3.(7), 579.068.1(9)3.(8), 579.105.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1. Cannabis shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. Cannabis shall no longer be considered a controlled substance or a drug hence forth by Missouri law.

2. Definition of terms, as used in this Act:
(a) "Cannabis" and "Cannabis hemp" refer to the Cannabis, marihuana, marijuana, Cannabis sativa, Cannabis sativa L., Cannabis Americana, Cannabis Gigantea, Cannabis indica, Cannabis ruderalis, or any variety of Cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
(b) "Medical Cannabis" refers to Cannabis used to prevent or to treat a medical condition.
(c) "Personal use" refers to the personal use or consumption of Cannabis.
(d) "Cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing Cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing Cannabis into and/or onto the human body.
(e) "Establishment" refers to a Cannabis cultivation facility, a Cannabis testing facility, a Cannabis product manufacturing facility, or a retail store, Cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells Cannabis, Cannabis products and/or Cannabis accessories.

3. The following acts are not unlawful and shall not be an offense under Missouri law:
(a) Possession of Cannabis for personal or medical use.
(b) Cultivating Cannabis for personal or medical use.
(c) Cultivation, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing Cannabis, Cannabis accessories, and Cannabis products for commercial purposes, provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.
(d) Providing Cannabis, Cannabis accessories, and Cannabis products for sale to consumers.
(e) Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
(f) No one shall be denied housing solely based on their use of Cannabis.
(g) No one shall be denied employment solely based on their use of Cannabis.
(h) The use and/or possession of Cannabis shall not be grounds for issuing a "Driving under the influence" (DUI) stop, charge, arrest or fines when operating a motor vehicle.

4. Medical Cannabis shall be available to patients without taxation who have a physician's recommendation for its use.
(a) All patients engaged in Cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means, whether or not under the care of a physician.
(b) Licensed physicians shall not be penalized for, nor restricted from recommending Cannabis for medical purposes to any person under their care.
(c) Veterinarians shall not be penalized nor restricted from recommending Cannabis for medical purposes for any creature under their care.
(d) Opinions pertaining to, and willingness to recommend medical Cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical Cannabis therapy.
(e) Any individual who is a Cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri Cannabis patient.
(f) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of Cannabis.

5. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, Cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.
(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent Cannabis only offenses which are no longer illegal in the State of Missouri under this Act.
(b) Within 60 days of the passage of this Act, a legal document shall be developed and made available to the public ordering the immediate destruction of all Cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment which is no longer illegal in the State of Missouri under this Act. This document shall be distributed to all pertinent parties throughout the state.

6. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal Cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.
(a) Asset Forfeiture shall no longer be justified or used by any Missouri law enforcement through association with Cannabis, Cannabis cultivation, it's use and/or possession.

7. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

8. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

9. Pursuant to the Ninth and Tenth Amendments to the Constitution of the United States, the people of Missouri hereby repudiate and challenge federal Cannabis prohibitions that conflict with this Act.

10. If any rival or conflicting initiative regulating any matter addressed by this act receives the higher affirmative vote, then all non-conflicting parts shall become operative.

11. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

12. The dictates of this Initiative shall be implemented no later than January 31st,, following the election that placed this initiative before the people.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 15, 2017

RECEIVED
FEB 15 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III (2018-162)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on February 15, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
FEB 15 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by amending Section 52(b) to read as follows:

Section 52(b). The veto power of the governor shall not extend to measures referred to the people. All elections on measures referred to the people shall be had at the general state elections, except when the general assembly shall order a special election. Any measure referred to the people shall take effect when approved by a majority of the votes cast thereon, and not otherwise. This section shall not be construed to deprive any member of the general assembly of the right to introduce any measure, except that any measure introduced by a member of the general assembly and passed by the general assembly that alters, amends, or repeals a measure proposed through the initiative and subsequently approved by the people shall not take effect unless and until it is also approved by the people.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-162)

Subject

Initiative petition from Winston Apple regarding a proposed constitutional amendment to Article III. (Received February 15, 2017)

Date

March 7, 2017

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November, 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the

costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Section 52(b) of the Missouri Constitution to require a vote of the people on any measure passed by the General Assembly that alters, amends, or repeals a measure proposed through the initiative and subsequently approved by the people. The General Assembly's measure would not take effect unless it is approved by the people.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this constitutional amendment will have no fiscal impact on their city.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia**, the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College**.

Fiscal Note Summary

The proposal is estimated to result in no costs or savings to state and local governmental entities.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 10, 2017

RECEIVED
FEB 10 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Natalie Meyer regarding a proposed statutory amendment to Chapter 191 (2018-161)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Natalie Meyer on February 10, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town, or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
FEB 10 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say [print or type names of signers]

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number)(Street) (City, town, or village)	ZIP CODE	CONGR. DIST.	NAME (Printed or typed)
1					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town, or village correctly, and that each signer is a registered voter in the state of Missouri and _____ County.

FURTHERMORE, I HEARBY SWEAR OR AFFIRM UNDER PENALTY OF PREJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do____ do not____ (check one) expect to be paid for circulating this petition.

_____
(Name of payer)

_____
Signature of Affiant (person obtaining signatures)

_____
Printed name of Affiant

_____
Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____ day of _____, A.D. 201___.

_____
Signature of Notary

_____
Address of Notary (Street, City, State & Zip Code)

My commission expires _____.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF MISSOURI:

The proposed initiative will amend Chapter 191 of Missouri Revised Statutes by adding twenty-two new sections.

These twenty-two sections shall be known and cited as the "Missouri Death with Dignity Act".

Section 1.

In said sections, the following terms shall mean:

(1) "Adult", any individual who is eighteen years of age or older.

(2) "Attending physician", the physician who has primary responsibility for the care of the patient and treatment of the patient's terminal disease.

(3) "Capable", in the opinion of a court or in the opinion of the patient's attending physician or consulting physician, psychiatrist or psychologist, a patient has the ability to make and communicate health care decisions to health care providers, including communication through persons familiar with the patient's manner of communicating if those persons are available.

(4) "Consulting physician", a physician who is qualified by specialty or experience to make a professional diagnosis and prognosis regarding the patient's disease.

(5) "Counseling", one or more consultations as necessary between a state licensed psychiatrist or psychologist and a patient for the purpose of determining that the patient is capable and not suffering from a psychiatric or psychological disorder or depression causing impaired judgment.

(6) "Health care provider", a person licensed, certified or otherwise authorized or permitted by the law of this state to administer health care or dispense medication in the ordinary course of business or practice of a profession, and includes a health care facility.

(7) "Informed decision", a decision by a qualified patient, to request and obtain a prescription to end his or her life in a humane and dignified manner, that is based on an appreciation of the relevant facts and after being fully informed by the attending physician of:

a. His or her medical diagnosis;

b. His or her prognosis;

c. The potential risks associated with taking the medication to be prescribed;

d. The probable result of taking the medication to be prescribed; and

e. The feasible alternatives, including, but not limited to, comfort care, hospice care and pain control.

(8) "Medically confirmed", the medical opinion of the attending physician has been confirmed by a consulting physician who has examined the patient and the patient's relevant medical records.

(9) "Patient", a person who is under the care of a physician.

(10) "Physician", a doctor of medicine or osteopathy licensed to practice medicine in the state of Missouri

(11) "qualified patient", a capable adult who is a resident of this state and has satisfied the requirements of this initiative in order to obtain a prescription for medication to end his or her life in a humane and dignified manner.

(12) "Terminal disease", an incurable and irreversible disease that has been medically confirmed and shall, within reasonable medical judgment, produce death within six months.

Section 2.

1. An adult who:
   a. Is capable;
   b. Is a residence of this state;
   c. Has been determined by the attending physician and consulting physician to be suffering from a terminal disease; and
   d. Has voluntarily expressed his or her wish to die;

may make a written request for medication for the purpose of ending his or her life in a humane and dignified manner in accordance with this initiative.

2. No person shall qualify under this initiative solely because of age or disability.

Section 3.

1. A valid request for medication under this initiative shall be in substantially the form described in section 20, signed and dated by the patient, and witnessed by at least two individuals who, in the presence of the patient, attest that to the best of their knowledge and belief the patient is capable, acting voluntarily, and is not being coerced to sign the request.
2. One of the witnesses shall be a person who is not:
   a. A relative of the patient by blood, marriage, or adoption;
   b. A person, who at the time the request is signed, would be entitled to any portion of the estate of the qualified patient upon death under any will or by operation of law; or
   c. An owner, operator, or employee of a health care facility where the qualified patient is receiving medical treatment or is a resident
3. The patient's attending physician at the time the request is signed shall not be a witness.

If the patient is in a long-term care facility at the time the written request is made, one of the witnesses shall be an individual designated by the facility and having the qualifications specified by the department of health and senior services by rule.

Section 4

1. The attending physician shall:
   A. Make the initial determination of whether a patient has a terminal disease, is capable, and has made the request voluntarily;
   B. Request that the patient demonstrate Missouri state residency under section 13;
   C. To ensure that the patient is making an informed decision, inform the patient of:
      a. His or her medical diagnosis;
      b. His or her prognosis;
      c. The potential risks associated with taking the medication to be prescribed;
      d. The probable result of taking the medication to be prescribed; and
      e. The feasible alternatives including, but not limited to, comfort care, hospice care, and pain control;
   D. Refer the patient to a consulting physician for medical confirmation of the diagnosis and for a determination that the patient is capable and acting voluntarily;
   E. Refer the patient for counseling if appropriate under section 6;
   F. Recommend that the patient notify next of kin;
   G. Counsel the patient about the importance of having another person present when the patient takes the medication prescribed under this legislation and of not taking the medication in a public place;
   H. Inform the patient that he or she has an opportunity to rescind the request at any time and in any manner, and offer the patient an opportunity to rescind at the end of the fifteen-day waiting period under section 9;
   I. Verify, immediately before writing the prescription for medication under this initiative, that the patient is making an informed decision;
   J. Fulfill the medical record documentation requirements of section 12;
   K. Ensure that all appropriate steps are carried out in accordance with this initiative prior to writing a prescription for medication to enable a qualified patient to end his or her life in a humane and dignified manner; and
   L. I. Dispense medications directly, including ancillary medications intended to facilitate the desired effect to minimize the patient's discomfort, provided that the attending physician is authorized under state law and rule to dispense, has a current drug enforcement administration certificate, and complies with any applicable administrative rule; or
      II. With the patient's written consent:
         a. Contact a pharmacist and inform the pharmacist of the prescription; and
         b. Deliver the written prescription personally, by mail, or facsimile to the pharmacist, who shall dispense the medications to either the patient, the attending physician, or an expressly identified agent of the patient.

2. Notwithstanding any other provision of law, the attending physician may sign the patient's death certificate.

Section 5

Before a patient is qualified under this initiative, a consulting physician shall examine the patient and his or her relevant medical records and confirm in writing the attending physician's diagnosis that the patient is suffering from a terminal disease and verify that the patient is capable, is acting voluntarily, and has made an informed decision.

Section 6

If, in the opinion of the attending physician or the consulting physician, a patient may be suffering from a psychiatric or psychological disorder or depression causing impaired judgment, either physician shall refer the patient for counseling. No medication to end a patient's life in a humane and dignified manner shall be prescribed until the person performing the counseling determines that the patient is not suffering from a psychiatric or psychological disorder or depression causing impaired judgment.

Section 7

No person shall receive a prescription for medication to end his or her life in a humane and dignified manner unless he or she has made an informed decision, as defined in section 1. Immediately prior to writing a prescription for medication under this initiative, the attending physician shall verify that the qualified patient is making an informed decision.

Section 8

The attending physician shall recommend that the patient notify the next of kin of his or her request for medication under this initiative. A patient who declines or is unable to notify next of kin shall not have his or her request denied for that reason.

Section 9

In order to receive a prescription for medication to end his or her life in a humane and dignified manner, a qualified patient shall have made an oral request and a written request and reiterate the oral request to his or her attending physician at least fifteen days after making the initial oral request. At the time the qualified patient makes his or her second oral request, the attending physician shall offer the qualified patient an opportunity to rescind the request.

Section 10

A patient may rescind his or her request at any time and in any manner without regard to his or her mental state. No prescription for medication under this initiative shall be written without the attending physician offering the qualified patient an opportunity to rescind the request.

Section 11

No less than fifteen days shall elapse between the patient's initial oral request and the writing of a prescription under this initiative. No less than forty-eight hours shall elapse between the date of the patient's written request and the writing of a prescription under this initiative.

Section 12

The following shall be documented or filed in the patient's medical record:

(1) All oral requests made by the patient for medication to end his or her life in a humane and dignified manner;

(2) All written requests made by the patient for medication to end his or her life in a humane and dignified manner;

(3) The attending physician's diagnosis and prognosis and determination that the patient is capable, is acting voluntarily, and has made an informed decision;

(4) The consulting physician's diagnosis and prognosis and verification that the patient is capable, is acting voluntarily, and has made an informed decision;

(5) A report of the outcome and determinations made during counseling, if performed;

(6) The attending physician's offer to the patient to rescind his or her request at the time of the patient's second oral request under section 9; and

(7) A note by the attending physician indicating that all requirements under this initiative have been met and indicating the steps taken to carry out the request including a notation of the medication prescribed.

Section 13

Only requests made by Missouri residents under this initiative shall be granted. Factors demonstrating Missouri residency include, but are not limited to:

(1) Possession of a Missouri driver's license;

(2) Registration to vote in Missouri;

(3) Evidence that the person owns or leases property in Missouri; or

(4) Filing of a Missouri tax return for the most recent tax year.

Section 14

1. a. The department of health and senior services shall annually review all records maintained under this initiative.
   b. The department of health and senior services shall require any health care provider upon dispensing medication under this initiative to file a copy of the dispensing record with the department.

2. The department of health and senior services shall adopt rules to facilitate the collection of information regarding compliance with this initiative. Except as otherwise required by law, the information collected shall not be a public record and shall not be made available for inspection by the public.

3. The department of health and senior services shall generate and make available to the public an annual statistical report of information collected under subsection 2 of this section.

Section 15

1. No provision in a contract, will, or other agreement, whether written or oral, to the extent the provision would affect whether a person may make or rescind a request for medication to end his or her life in a humane and dignified manner, shall be valid.

2. No obligation owing under any currently existing contract shall be conditioned or affected by the making or rescinding of a request by a person for medication to end his or her life in a humane and dignified manner.

Section 16

The sale, procurement, or issuance of any life, health, or accident insurance or annuity policy or the rate charged for any policy shall not be conditioned upon or affected by the making or rescinding of a request by a person for medication to end his or her life in a humane and dignified manner. A qualified patient's act of ingesting medication to end his or her life in a humane and dignified manner shall not have an effect upon a life, health, or accident insurance or annuity policy.

Section 17

Nothing is this initiative shall be construed to authorize a physician or any other person to end a patient's life by lethal injection, mercy killing, or active euthanasia. Actions taken in accordance with this initiative shall not for any purpose constitute suicide, assisted suicide, mercy killing, or homicide under the law.

Section 18

1. Except as provided in subsection 2 of this section and section 20:
   a. No person shall be subject to civil or criminal liability or professional disciplinary action for participating in good faith compliance with this initiative including being present when a qualified patient takes the prescribed medication to end his or her life in a humane and dignified manner;
   b. No professional organization or association or health care provider shall subject a person to censure, discipline, suspension, loss of license, loss of privileges, loss of membership, or other penalty for participating or refusing to participate in good faith compliance with this initiative;
   c. No request by a patient for or provision by an attending physician of medication in good faith compliance with this initiative shall constitute neglect for any purpose of law or provide the sole basis for the appointment of a guardian or conservator; and
   d. No health care provider shall be under any duty, whether by contract, statute, or any other legal requirement to participate in the provision to a qualified patient of medication to end his or her life in a humane and dignified manner. If a health care provider is unable or unwilling to carry out a patient's request under this initiative and the patient transfers his or her care to a new health care provider, the prior health care provider shall, upon request, transfer a copy of the patient's relevant medical records to the new health care provider.

2. (1) Notwithstanding any other provision of law, a health care provider may prohibit another health care provider from participating under the Missouri death with dignity act on the premises of the prohibiting provider if the prohibiting provider has notified the health care provider of the prohibiting provider's policy regarding participation in the Missouri death with dignity act. Nothing in this subdivision shall prevent a health care provider from providing health care services to a patient that do not constitute participation in the Missouri death with dignity act.
   (2) Notwithstanding the provisions of subsection 1 of this section, a health care provider may subject another health care provider to the following sanctions if the sanctioning health care provider has notified the sanctioning provider prior to participation under this initiative that it prohibits participation in the Missouri death with dignity act:
   (a) Loss of privileges, loss of membership, or other sanctions provided under the medical staff bylaws, policies, and procedures of the sanctioning health care provider if the sanctioned provider is a member of the sanctioning provider's medical staff and participates under the Missouri death with dignity act while on the health care facility premises of the sanctioning health care provider, but not including the private medical office of a physician or other provider;
   (b) Termination of a lease or other property contract or other nonmonetary remedies provided by a lease contract, not including loss or restriction of medical staff privileges or exclusion from a provider panel, if the sanctioned provider participates under the Missouri death with dignity act while on the premises of the sanctioning health care provider or on property that is owned by or under the direct control of the sanctioning health care provider; or

(c) Termination of a contract or other nonmonetary remedies provided by contract if the sanctioned provider participates under the Missouri death with dignity act while acting in the course and scope of the sanctioned provider's capacity as an employee or independent contractor of the sanctioning health care provider. Nothing in this paragraph shall be construed to prevent:

a. A health care provider from participating under the Missouri death with dignity act while acting outside the course and scope of the provider's capacity as an employee or independent contractor; or

b. A patient from contracting with his or her attending physician and consulting physician to act outside the course and scope of the provider's capacity as an employee or independent contractor of the sanctioning health care provider.

(3) A health care provider that imposes sanctions under subdivision (2) of this subsection shall follow all due process and other procedures the sanctioning health care provider may have that are related to the imposition of sanctions on another health care provider.

(4) For the purposes of this subsection, the following terms shall mean:

(a) "Notify", a separate statement in writing to the health care provider specifically informing the health care provider before the provider's participation under the Missouri death with dignity act of the sanctioning health care provider's policy about participation in activities covered by the Missouri death with dignity act;

(b) "Participate under the Missouri death with dignity act", to perform the duties of an attending physician under section 5, the consulting physician function under section 5, or the counseling function under section 6. Participate under the Missouri death with dignity act does not include:

a. Making an initial determination that a patient has a terminal disease and informing the patient of the medical prognosis;

b. Providing information about the Missouri death with dignity act to a patient upon the request of the patient;

c. Providing a patient, upon the request of the patient, with a referral to another physician; or

d. A patient contracting with his or her attending physician and consulting physician to act outside of the course and scope of the provider's capacity as an employee or independent contractor of the sanctioning health care provider.

3. Suspension or termination of staff membership or privileges under subsection 2 of this section is not reportable to the department or state board of registration for the healing arts. Action taken under sections 3 to 6 shall not be the sole basis for a report of unprofessional conduct.

4. No provision of this initiative shall be construed to allow a lower standard of care for patients in the community where the patient is treated or a similar community.

Section 19

1. A person, who without authorization of the patient, willfully alters or forges a request for medication or conceals or destroys a rescission of that request with the intent or effect of causing the patient's death is guilty of a class A felony.

2. A person who coerces or exerts undue influence on a patient to request medication to end the patient's life or to destroy a rescission of a request is guilty of a class A felony.

3. Nothing in this initiative shall limit further liability for civil damages resulting from other negligent conduct or intentional misconduct by any person.

4. The penalties in this initiative do not preclude criminal penalties applicable under other law for conduct that is inconsistent with this initiative.

Section 20

Any governmental entity that incurs costs resulting from a person terminating his or her life under this initiative in a public place has a claim against the estate of the person to recover such costs and reasonable attorneys' fees related to enforcing the claim.

Section 21

A request for a medication as authorized by this initiative shall be in substantially the following form:

REQUEST FOR MEDICATION TO END MY LIFE

IN A HUMANE AND DIGNIFIED MANNER

I, ..., am an adult of sound mind.

I am suffering from ....., which my attending physician has determined is a terminal disease and which has been medically confirmed by a consulting physician. I have been fully informed of my diagnosis, prognosis, the nature of medication to be prescribed and potential associated risks, the expected result, and the feasible

alternatives, including comfort care, hospice care, and pain control. I request that my attending physician prescribe medication that will end my life in a humane and dignified manner.

INITIAL ONE:

..... I have informed my family of my decision and taken their opinions into consideration.

..... I have decided not to inform my family of my decision.

..... I have no family to inform of my decision.

I understand that I have the right to rescind this request at any time.

I understand the full import of this request and I expect to die when I take the medication to be prescribed. I further understand that although most deaths occur within three hours, my death may take longer, and my physician has counseled me about this possibility.

I make this request voluntarily and without reservation, and I accept full moral responsibility for my actions.

Signed: .....

Dated: .....

DECLARATION OF WITNESSES

We declare that the person making and signing the above request:

(1) Is personally known to us or has provided proof of identity;

(2) Signed this request in our presence on the date of the person's signature;

(3) Appears to be of sound mind and not under duress, fraud, or undue influence;

and

(4) Is not a patient for whom either of us is the attending physician.

..... Witness 1/Date

..... Witness 2/Date

NOTE: One witness shall not be a relative (by blood, marriage, or adoption) of the person signing this request, shall not be entitled to any portion of the person's estate upon death, and shall not own, operate, or be employed at a health care facility where the person is a patient or resident. If the patient is an inpatient at a health care facility, one of the witnesses shall be an individual designated by the facility.

Section 22

1. Any person who, without authorization of the principal, willfully alters, forges, conceals, or destroys an instrument, the reinstatement or revocation of an instrument, or any other evidence or document reflecting the principal's desires and interests with the intent and effect of causing a withholding or withdrawal of life-sustaining procedures or of artificially administered nutrition and hydration which hastens the death of the principal is guilty of a class A felony.

2. Except as provided in subsection 1 of this section, any person who, without authorization of the principal, willfully alters, forges, conceals, or destroys an instrument, the reinstatement or revocation of an instrument, or any other evidence or document reflecting the principal's desires and interests with the intent and effect of affecting a health care decision is guilty of a class A misdemeanor.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
FEB 06 2017
STATE AUDITORS OFFICE

February 6, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapters 130 & 143 (2018-160)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on February 6, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
FEB 06 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

Two new sections of the Missouri Revised Statutes, to be known as sections 130.230 and 143.990, are enacted to read as follows:

130.230. 1. "The Missouri Elections Trust Fund" is hereby created to provide public financing for candidates for office in Missouri who agree to accept the conditions specified herein, and who subsequently meet those conditions.
2. The Missouri Elections Trust Fund will be administered by a board, to be known as the "Missouri Elections Trust Fund Commission" consisting of seven members, to be nominated by the governor and approved by the senate. The Missouri Electors Trust Fund Commission shall, within one (1) calendar year of the effective date of this section, promulgate rules necessary for the administration of this section, including a method for the expenditure of the funds collected.
(1) No individual may be appointed to the Missouri Elections Trust Fund Commission who is:
(a) a government employee;
(b) a registered lobbyist, or who has been a registered lobbyist at any time during the 5-year period preceding their appointment to the commission;
(c) an officer or employee of a political party or political campaign;
(d) an elected official, senator, or representative.
(2) Members of the Missouri Elections Trust Fund Commission shall be appointed for a term of five years; except the second and third classes of the first seven members to be appointed, who shall be divided into three classes, as follows;
(a) The first three members to be confirmed shall serve a full five-year term;
(b) The fourth and fifth members to be confirmed shall serve a three-year term;
(c) The sixth and seventh members to be confirmed shall serve a one-year term.
(3) Members of the commission may be removed from office if convicted of fraud or mismanagement of funds administered by the commission, or conviction of a felony.
3. Members of the commission will be reimbursed for travel and other expenses at the prevailing rate for other employees and officers of the state of Missouri.
4. The funds collected under this program will be distributed only to candidates who accept and meet the conditions required to qualify for public financing.
5. Candidates accepting public funds must agree to and meet the following conditions:
(1) Not to accept contributions from corporations or political action committees that accept corporate contributions;
(2) Not to accept donations totaling more than $1000 from any individual or other source, excluding a political party of which they are a member, during an election cycle ("election cycle" is defined as the period between two general elections for the same office); and
(3) That at least one-half of the money raised, or in-kind contributions received, by the candidate will come from individual contributors who contribute a total of $100 or less to the candidate during an election cycle.
6. The funding provided to eligible candidates will be in the form of matching funds, with the ratio of the match relative to the amount of money raised by candidates to be determined by the commission based on the total amount of money raised by all candidates who have elected to accept public funds and the total amount of money available from the fund during each election year.
(1) Thirty-five percent of the funds available shall be distributed on the first day of June of each general election year, based on total monetary contributions received during the election cycle up to the date of the quarterly report filed with the Missouri Ethics Commission for the quarter ending on the thirty-first day of March. (In-kind contributions are not eligible for matching funds.)
(2) The balance of available funds shall be distributed on the third Monday in September of each general election year to eligible candidates in the general election, based on total monetary contributions received and reported through the thirtieth day of August.
7. When a candidate or committee files a termination statement and disclosure report with the Missouri Ethics Commission, any and all funds remaining after repaying any debts owed by the campaign committee are to be paid over to the Missouri Elections Trust Fund, up to and including an amount equal to the full amounts of matching funds received by said candidate.
8. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

143.990. 1. In each taxable year beginning on or after January 1, 2018, each individual or corporation having paid state income taxes in the amount of twenty-five dollars or more may designate that five dollars of the tax paid shall be paid over to the Missouri elections trust fund as provided in section 130.230. In the case of a husband and wife with a filing status of married filing combined having paid state income tax in the amount of fifty dollars or more, each spouse may designate that five dollars shall be paid to the fund.
2. The option to contribute to this fund, as authorized by this section, shall be clearly and unambiguously printed on the same page of each income tax return form provided by the state upon which the amount of the amount of tax owed is indicated, and shall include the following statement: "Contributing to the Missouri Elections Trust Fund will not increase the amount of tax owed or reduce the amount of overpayment to be refunded."
3. The department of revenue shall deposit the contributions made pursuant to this statute into the Missouri Election Trust Fund as created in section 130.230.
4. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-160)

Subject

Initiative petition from Winston Apple regarding a proposed amendment to Chapters 130 and 143 of the Revised Statutes of Missouri. (Received February 6, 2017)

Date

February 27, 2017

Description

This proposal would amend Chapters 130 and 143 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and **Missouri Ethics Commission.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb

the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact for their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated the total estimated costs would be $381,264 for fiscal year 2018, $110,394 for fiscal year 2019, and $111,328 for fiscal year 2020.

The petition specifically allows “corporations” to designate five dollars to the Missouri Elections Trust Fund.

This legislation reduces Total State Revenue by an unknown amount.

Section 143.990
This petition establishes a check-off for individuals and corporations that pay twenty-five dollars ($25) or more, the ability to designate $5.00 to the Missouri elections trust fund, $10.00 if filing combined. For each donation to the trust fund Total State Revenue would be decreased by the same amount.

Administrative Impact:
The Department requires form and programming changes to personal and corporate tax systems.

Personal Tax:
Personal Tax requires two (2) Temporary Tax Employees for keying returns and one (1) Revenue Processing Technician I (Range 10, Step L) for processing returns.

Corporate Tax:
Corporate tax requires one (1) Revenue Processing Technician I (Range 10, Step L).

Integrated Tax System:
The Integrated Tax System requires an additional $275,746 for programming costs associated with Personal and Corporate income tax systems. Additional first year equipment costs are estimated at $14,292.

Officials from the **Department of Public Safety-Director's Office** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated this proposal requires the Governor to nominate the seven members of the Missouri Elections Trust Fund Commission. This can be completed by existing staff so there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated:

The proposal enacts two new sections of law.

Section 130.230 creates the Missouri Elections Trust Fund to provide public financing for candidates who agree to meet certain conditions and limitations.
Section 143.990 allows individuals and corporations to designate five dollars of their taxes paid to be deposited in the Missouri Elections Trust Fund instead of into the General Revenue Fund. This will be a cost to general revenue of an unknown amount.

This proposal will have no impact on their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated their local government estimates the fiscal impact of the above-referenced constitutional amendment for fiscal years 2018, 2019 and 2020 to be as follows:

(reminder: 2018 will likely be a portion of a fiscal year, depending on effective date of amendment)
Revenues: (explain amount per fiscal year and source or reason for increase)
This constitutional amendment will have no fiscal impact on their city.

Savings: (explain amount per fiscal year, reason for savings and area where savings will occur)
This constitutional amendment will have no fiscal impact on their city.

Costs:(explain what type of costs will be incurred, amount per fiscal year and reason)
This constitutional amendment will have no fiscal impact on their city.

Losses:(explain why revenue losses would be expected and amount per fiscal year)
This constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **Missouri Ethics Commission** indicated the proposed language does not have fiscal impact on their office.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia**, the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College**.

Fiscal Note Summary

State government entities expect implementation costs of $290,000 and annual costs of $110,000. Also, an unknown amount of revenue will not be available for state General Revenue Fund spending. Local governmental entities expect no costs or savings from this proposal.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
FEB 0 6 2017
STATE AUDITORS OFFICE

February 6, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapters 286 & 143, version 2 (2018-159)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on February 6, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
FEB 06 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

Two new sections of the Missouri Revised Statutes are hereby enacted, to be known as sections 286.131 and 143.012, to read as follows:

286.131. 1. A program to be known as "The Renewable Energy Project" is hereby created within the Missouri Department of Labor and Industrial Relations.
2. Funding for The Renewable Energy Project will be provided through revenues from a tax on long-term capital gains and qualified dividends, as provided for in Section 143.012.
3. The Missouri Department of Labor and Industrial Relations shall, within one (1) calendar year of the effective date of this section, promulgate rules necessary for the administration of this section, including a method for the expenditure of the funds collected pursuant to section 143.012 in a manner that balances cost-effectiveness, amount of carbon emissions to be avoided, economic development, and employment.
4. Funds collected pursuant to this section and section 143.012 shall be used only for the purposes of improving energy efficiency in buildings, constructing and installing renewable energy resources as defined by section 386.890.2(6), modernizing public infrastructure to utilize energy from renewable energy resources, and planting trees on public lands.
5. a. The compensation provided for, and other specific policies related to, work done through jobs created by this project shall be determined and set by the labor and industrial relations commission, but, at a minimum, shall be set at a level that provides a living wage, which is hereby defined as putting a worker, and her or his dependents, at least ten percent above the poverty threshold based on the poverty guidelines published by the Department of Health and Human Services, provided a worker is present and working 40 hours per week.
b. If a household has two or more adult members and no children or other dependents, meeting this level of compensation may be based on all adults working 40 hours per week, if a household has children between five and sixteen years of age, compensation will be based on one adult member working full time and any additional adult members working during school hours. However, in no event shall the hourly wage paid under this program be less than the applicable minimum wage.
c. Management and administrative positions will pay a reasonable salary based on the prevailing salaries for positions with similar responsibilities elsewhere within the government of the state of Missouri.
6. Once the state of Missouri is producing 90% or more of its electricity from clean, renewable sources, the funds generated by this tax on long-term capital gains and qualified dividends may be used, as directed by appropriate legislation, to replace funds generated by the state sales tax so that sales taxes may be reduced or eliminated.
7. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

143.012. 1. Beginning with the 2019 calendar year, a tax on capital gains and qualified dividends will be imposed, with the funds collected dedicated to providing funding for The Renewable Energy Project. The amount of the tax will be the difference, expressed as a percentage, of the rate paid to the federal government on the long-term capital gain or qualified dividend, and the tax paid for an equal amount of ordinary income.
2. Any taxpayer whose total family income is less than 110 percent of the dollar amount of the poverty threshold based on the poverty guidelines published by the Department of Health and Human Services is exempt from this tax.
3. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-159)

Subject

Initiative petition from Winston Apple regarding a proposed amendment to Chapters 286 and 143 of the Revised Statutes of Missouri. (Received February 6, 2017)

Date

February 27, 2017

Description

This proposal would amend Chapters 286 and 143 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the

costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have an impact on their department. It could have a positive impact on institutions of higher education who apply to DOLIR to pay for upgrades out of the Renewable Energy Project, but that impact cannot be measured.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated:

This proposal could affect Department of Revenue, Office of Administration, or Department of Economic Development.

Space will be required for six administrative full time employees (FTE) in Jefferson City.

It is possible that the proposal could impact small businesses in several ways including imposition of the capital gains tax.

A tax on capital gains would be imposed beginning with the 2019 calendar year. However, since a tax rate is not specified, a revenue estimate is unavailable.

This petition seeks to create a new section 286.131 requiring their department to create a program called "The Renewable Energy Project." Funds would be generated from a tax on capital gains as stated in section 143.012. As funds are available, their department would begin awarding contracts for projects which meet the requirements of the program.

They estimate it would need six FTE to provide administrative services for the program. There would also be FTE or a third-party contract required to ensure contractors who are awarded contracts under this program meet the wage requirements specified in the language. It is uncertain how many contracts would be awarded, nor how many employee wage records would require review; therefore, they cannot provide an estimate for this portion of the petition.

If revenues increase or decrease in a given year, the number of participants in the program would rise or fall proportionally. The remaining funding would be used to award contracts for projects that meet program specifications.

Proceeds from a capital gains tax would be used to fund the program. Because revenue can fluctuate from year to year, projects would increase or decrease based on the availability of funding. The proposed language is unclear regarding the long-range implications.

Revenue Projections

A revenue projection cannot be made since a rate for the capital gains tax is unspecified.

Cost Estimates

Administrative Costs and Management of Projects

They estimate that $474,415 will be needed to administer the program.

One time - $45,156; Ongoing - $429,259, plus the Unknown amount for contracts; Total: Unknown, >$474,415

There would also be FTE or a third-party contract required to ensure contractors who are awarded contracts under this program meet the wage requirements specified in the language. It is uncertain how many contracts would be awarded, nor how many employee wage records would require review; therefore, they cannot provide an estimate for this portion of the petition. There is also no method whereby the State of Missouri could recoup any payments that were found to have been made either by error or by fraud within the program.

In addition, they assume it would award contracts for projects that meet the requirements set forth in 266.131 and the rules promulgated by the department.

Because the capital gains tax begins with tax year 2019, collections are not expected until calendar year 2020. They assume that the fund will require several months to build; therefore expenses would not begin until FY 2020 (July 1, 2019). Depending on the

types and number of projects, costs will vary significantly. The scope of this statute revision is very broad and the long-range implications are unknown.

Officials from the **Department of Public Safety-Director's Office** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Revenue** indicated total fund costs for General Revenue will be $231,141 for fiscal year 2019, $235,545 for fiscal year 2020, and $237,472 for fiscal year 2021.

Small businesses in the areas designated for expenditures from the new fund may benefit.

This will increase Total State Revenue by unknown amount.

Section 286.131
This section creates the renewable energy project in the Department of Labor and Industrial Relations. The Department of Labor uses the revenues generated from the tax in Section 143.012 for the purposes outlined in the Renewable Energy Project created within the Department of Labor and Industrial Relations.

Section 143.012
This petition taxes long-term capital gains and qualified dividends to fund the renewable energy projects created in section 286.131. The legislation exempts households with an income of less than 110% of the poverty threshold. The Department is unable to determine the amount of revenue that will be generated from this tax.

Administrative Impact:
The Department requires form updates and programming changes.
Personal Tax:
Personal Tax requires two (2) Revenue Processing Technicians I (Range 10, Step L); one for every 19,000 error corrections and one for every 2,400 pieces of correspondence.

Corporate Tax:
Corporate Tax requires one (1) Revenue Processing Technicians I (Range 10, Step L); one for every 2,600 pieces of correspondence.

Collection & Tax Assistance:
Collection & Tax Assistance will see additional customer contacts from this additional tax and from notice of adjustments. This section requires two (2) Tax Collection Technicians I (Range 10, Step L); one for every additional 15,000 contacts annually on the non-delinquent tax line and one for every additional 15,000 contacts annually on the delinquent tax line. Each technician requires CARES equipment and license.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** (OA) indicated the proposal adds Sections 143.012 and 286.131, RSMo. which creates the "Renewable Energy Project" in the Department of Labor and Industrial Relations. A tax on long-term capital gains and qualified dividends would be imposed on certain taxpayers to raise the revenue needed to support this program. After the state of Missouri is producing 90% or more of its electricity from clean, renewable sources, the funds generated by the new tax may be used to reduce or eliminate the state sales tax.

This proposal would have a positive impact on total and general revenue for the state in Fiscal Year 2020, however, Budget and Planning is unable to estimate the specific fiscal impact.

This proposal should have no impact on their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the

full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal will have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **University of Missouri** indicated they do not believe that this initiative will have a significant impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia**, the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College**.

Fiscal Note Summary

State governmental entities estimate unknown annual revenue increases to fund the proposed program, one-time costs of approximately $45,000, and annual operating costs of approximately $665,000. Local governmental entities indicate no fiscal impact.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 6, 2017

FEB 0 6 2017

STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapters 286 & 143, version 1 (2018-158)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on February 6, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
FEB 06 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
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14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

Two new sections of the Missouri Revised Statutes are hereby enacted, to be known as sections 286.131 and 143.012, to read as follows:

286.131. 1. A program to be known as "The Renewable Energy Project" is hereby created within the Missouri Department of Labor and Industrial Relations.
2. Funding for The Renewable Energy Project will be provided through revenues from a tax on long-term capital gains and qualified dividends, as provided for in Section 143.012.
3. The Missouri Department of Labor and Industrial Relations shall, within one (1) calendar year of the effective date of this section, promulgate rules necessary for the administration of this section, including a method for the expenditure of the funds collected pursuant to section 143.012 in a manner that balances cost-effectiveness, amount of carbon emissions to be avoided, economic development, and employment.
4. Funds collected pursuant to this section and section 143.012 shall be used only for the purposes of improving energy efficiency in buildings, constructing and installing renewable energy resources as defined by section 386.890.2(6), modernizing public infrastructure to utilize energy from renewable energy resources, and planting trees on public lands.
5. Once the state of Missouri is producing 90% or more of its electricity from clean, renewable sources, the funds generated by this tax on long-term capital gains and qualified dividends may be used, as directed by appropriate legislation, to replace funds generated by the state sales tax so that sales taxes may be reduced or eliminated.
6. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

143.012. 1. Beginning with the 2019 calendar year, a tax on capital gains and qualified dividends will be imposed, with the funds collected dedicated to providing funding for The Renewable Energy Project. The amount of the tax will be the difference, expressed as a percentage, of the rate paid to the federal government by each taxpayer on long-term capital gains and qualified dividends earned, and the tax rate that would have been paid for an equal amount of marginal ordinary income, based on each taxpayer's tax bracket.
2. Any taxpayer whose total family income is less than 110 percent of the dollar amount of the poverty threshold, based on the poverty guidelines published by the Department of Health and Human Services, is exempt from this tax.
3. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-158)

Subject

Initiative petition from Winston Apple regarding a proposed amendment to Chapters 286 and 143 of the Revised Statutes of Missouri. (Received February 6, 2017)

Date

February 27, 2017

Description

This proposal would amend Chapters 286 and 143 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the

costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have an impact on their department. It could have a positive impact on institutions of higher education who apply to DOLIR to pay for upgrades out of the Renewable Energy Project, but that impact cannot be measured.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated:

This proposal could affect Department of Revenue, Office of Administration, or Department of Economic Development.

Space will be required for 6 administrative full time employees (FTE) in Jefferson City.

It is possible that the proposal could impact small businesses in several ways including imposition of the capital gains tax.

A tax on capital gains would be imposed beginning with the 2019 calendar year. However, since a tax rate is not specified, a revenue estimate is unavailable.

This petition seeks to create a new section 286.131 requiring their department to create a program called "The Renewable Energy Project." Funds would be generated from a tax on capital gains as stated in section 143.012. As funds are available, their department would begin awarding contracts for projects which meet the requirements of the program.

They estimate it would need six FTE to provide administrative services for the program. If revenues increase or decrease in a given year, the number of participants in the program would rise or fall proportionally. The remaining funding would be used to award contracts for projects that meet program specifications.

Proceeds from a capital gains tax would be used to fund the program. Because revenue can fluctuate from year to year, projects would increase or decrease based on the availability of funding. The proposed language is unclear regarding the long-range implications.

Revenue Projections

A revenue projection cannot be made since a rate for the capital gains tax is unspecified.

Cost Estimates

Administrative Costs and Management of Projects

They estimate that $474,415 will be needed to manage the program.

One time - $45,156; Ongoing - $429,259, plus the Unknown amount for contracts; Total: Unknown, >$474,415

In addition, they assumes it would award contracts for projects that meet the requirements set forth in 266.131 and the rules promulgated by the department.

Because the capital gains tax begins with tax year 2019, collections are not expected until calendar year 2020. They assume that the fund will require several months to build; therefore expenses would not begin until FY 2020 (July 1, 2019). Depending on the types and number of projects, costs will vary significantly. The scope of this statute revision is very broad and the long-range implications are unknown.

Officials from the **Department of Public Safety-Director's Office** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Revenue** indicated increased operating costs for General Revenue will be $231,141 for fiscal year 2019, $235,545 for fiscal year 2020 and $237,472 for fiscal year 2021.

Small businesses in the areas designated for expenditures from the new fund may benefit.

This will increase Total State Revenue by unknown amount.

Section 286.131
This section creates the renewable energy project in the Department of Labor and Industrial Relations. The Department of Labor uses the revenues generated from the tax in Section 143.012 for the purposes outlined in the Renewable Energy Project created within the Department of Labor and Industrial Relations.

Section 143.012
This petition taxes long-term capital gains and qualified dividends to fund the renewable energy projects created in section 286.131. The legislation exempts households with an income of less than 110% of the poverty threshold. The Department is unable to determine the amount of revenue that will be generated from this tax.

Administrative Impact:
The Department requires form updates and programming changes.
Personal Tax:
Personal Tax requires two (2) Revenue Processing Technicians I (Range 10, Step L); one for every 19,000 error corrections and one for every 2,400 pieces of correspondence.

Corporate Tax:
Corporate Tax requires one (1) Revenue Processing Technicians I (Range 10, Step L); one for every 2,600 pieces of correspondence.

Collection & Tax Assistance:
Collection & Tax Assistance will see additional customer contacts from this additional tax and from notice of adjustments. This section requires two (2) Tax Collection Technicians I (Range 10, Step L); one for every additional 15,000 contacts annually on the non-delinquent tax line and one for every additional 15,000 contacts annually on the delinquent tax line. Each technician requires CARES equipment and license.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no impact.

Officials from the **Office of Administration** (OA) indicated the proposal adds Sections 143.012 and 286.131, RSMo. which creates the “Renewable Energy Project” in the Department of Labor and Industrial Relations. A tax on long-term capital gains and

qualified dividends would be imposed on certain taxpayers to raise the revenue needed to support this program. After the state of Missouri is producing 90% or more of its electricity from clean, renewable sources, the funds generated by the new tax may be used to reduce or eliminate the state sales tax.

This proposal would have a positive impact on total and general revenue for the state in Fiscal Year 2020, however, Budget and Planning is unable to estimate the specific fiscal impact.

This proposal should have no impact on their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal will have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **University of Missouri** indicated they do not believe that this initiative will have a significant impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia**, the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College**.

Fiscal Note Summary

State governmental entities estimate unknown annual revenue increases to fund the proposed program, one-time costs of approximately $45,000, and annual operating costs of approximately $665,000. Local governmental entities indicate no fiscal impact.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 6, 2017

RECEIVED
FEB 0 6 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Charles Jones regarding a proposed constitutional amendment to Article IV (2018-157)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Charles Jones on February 6, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or City of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
FEB 06 2017
MO. SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____
I, _____, being first duly sworn, say (print or type names of signers)

Registered Voting Name (Signature)	Date Signed	Registered Voting Address (Number)(Street)(City, Town, Village)	Zip Code	Cong Dist.	Registered Voting Name (printed or typed)
1					
2					
3					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence: I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.
I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

Subscribed and sworn to before me, this ____day of _____, A.D._____

Notary Public (Seal)

My commission expires _____

_____
_____
Address of Affiant

_____
Signature of Notary

_____
_____
Address of Notary

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1, 577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1. Cannabis shall immediately be removed from the Missouri list of controlled substances and shall no longer be listed among Missouri's drug schedules.

2. Definitions: cannabis and cannabis hemp refer to Cannabis, Marijuana, Cannabis Sativa, Cannabis Indica, Cannabis Ruderalis or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
   a. Medical cannabis refers to physician recommended use.
   b. Personal use refers to any use not recommended by physician.
   c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use planting, propagating, cultivating, growing, harvesting, manufacturing, compounding , converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into or onto the human body.
   d. Establishment refers to a cannabis cultivation facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares, manufactures, packages, transports, or sells cannabis products or accessories.
   e. Minor refers to anyone under the age 18.

3. Cannabis or its products shall not be sold to anyone under the age 18. Anyone under the age of 18 shall have access to cannabis through physician recommendation or consent from parent/legal guardian.
   a. No minor shall be criminally prosecuted for possession of cannabis or its products.

4. The following acts are not unlawful and shall not be an offense under Missouri law
   a. Possession of cannabis for personal or medical use.
   b. Cultivating cannabis for personal or medical use, to obey zoning restrictions.
   c. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri.
   d. Providing cannabis, cannabis accessories and products for sale to consumers. Any product to be sold to public must be tested for purity and weight.
   e. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (e) of this section.
   f. The possession of cannabis is not to be the sole reason for issuing a D.U.I. (driving under the influence), arrest or fines when operating a motor vehicle.

5. Patient rights: Cannabis shall be available to all patients regardless of age, without taxation when physician recommended.

6. All prisoners that have been incarcerated for nonviolent cannabis related crimes shall immediately be released and all charges for cannabis crimes expunged.
   a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related non-violent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7. No state or federal funds shall be used to enforce federal laws which are no longer illegal in the state of Missouri.
   a. Any person who willfully impedes the lawful exercise of these provisions is guilty of a class A misdemeanor.

8. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirements, licensing fee that is discriminant, prohibitive, or in any way contrary to that which is relative to any other commercial or agriculture farmer, manufacturer, processor or distributor.

9. Pursuant to the ninth and tenth amendments to the Constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.

10. All provisions of this section are self-executing and severable and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance or resolution.

11. If any rival or conflicting initiative regulating any matter addressed by this act receives the higher affirmative vote, then all non-conflicting parts shall become operative.

12. The dictates of this Initiative shall be implemented no later than April 20th following the election that placed this initiative before the people.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
FEB 01 2017
STATE AUDIT

February 1, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapter 128, Section 005 (2018-156)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on January 31, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
JAN. 31 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

Section A. Chapter 128, RSMo, is amended by adding thereto one new section, to be known as Section 128.005, to read as follows:

128.005. 1. This section shall be known and may be cited as the "Interstate Compact on the Agreement Among the States to Elect the President by National Popular Vote Act."

2. The State of Missouri ratifies and approves the following compact: Agreement Among the States to Elect the President by National Popular Vote.

Article I – Membership. Any State of the United States and the District of Columbia may become a member of this agreement by enacting this agreement.

Article II – Right of the People in Member State to Vote for President and Vice President. Each member state shall conduct a statewide popular election for President and Vice President of the United States.

Article III – Manner of Appointing Presidential Electors in Member States

1. Prior to the time set by law for the meeting and voting by the presidential electors, the chief election official of each member state shall determine the number of votes for each presidential slate in each state of the United States and in the District of Columbia in which votes have been cast in a statewide popular election and shall add such votes together to produce a "national popular vote total" for each presidential slate.

2. The chief election official of each member state shall designate the presidential slate with the largest national popular vote total as the "national popular vote winner."

3. The presidential elector certifying official of each member state shall certify the appointment in that official's own state of the elector slate nominated in that state in association with the national popular vote winner.

4. At least six days before the day fixed by law for the meeting and voting by the presidential electors, each member state shall make a final determination of the number of popular votes cast in the state for each presidential slate and shall communicate an official statement of such determination within 24 hours to the chief election official in each other member state.

5. The chief election official of each member state shall treat as conclusive an official statement containing the number of popular votes in a state for each presidential slate made by the day established by federal law for making a state's final determination conclusive as to the counting of electoral votes by Congress.

6. In event of a tie for the national popular vote winner, the presidential elector certifying official of each member state shall certify the appointment of the elector slate nominated in association with the presidential slate receiving the largest number of popular votes within that official's own state.

7. If for any reason, the number of presidential electors nominated in a member state in association with the national popular vote winner is less than or greater than that state's number of electoral votes, the presidential candidate on the presidential slate that has been designated as the national popular vote winner shall have the power to nominate the presidential electors for that state and that state's presidential elector certifying official shall certify the appointment of such nominees. The chief election official of each member state shall immediately release to the public all vote counts or statements of votes as they are determined or obtained.

8. This article shall govern the appointment of presidential electors in each member state in any year in which this agreement is, on July 20, in effect in states cumulatively possessing a majority of the electoral votes.

Article IV – Other Provisions

1. This agreement shall take effect when states cumulatively possessing a majority of the electoral votes have enacted this agreement in substantially the same form and the enactments by such states have taken effect in each state.

2. Any member state may withdraw from this agreement, except that a withdrawal occurring six months or less before the end of a President's term shall not become effective until a President or Vice President shall have been qualified to serve the next term.

3. The chief executive of each member state shall promptly notify the chief executive of all other states of when this agreement has been enacted and has taken effect in that official's state, when the state has withdrawn from this agreement, and when this agreement takes effect generally.

4. This agreement shall terminate if the electoral college is abolished.

5. In any provision of this agreement is held invalid, the remaining provisions shall not be affected.

Article V – Definitions. For purposes of this agreement:

1. "Chief Executive" shall mean the Governor of s State of the United States or the Mayor of the District of Columbia;

2. "Elector slate" shall mean a slate of candidates who have been nominated in a state for the position of presidential elector in association with a presidential slate;

3. "Chief election official" shall mean the state official or body that is authorized to certify the total number of popular votes for each presidential slate;

4. "Presidential elector" shall mean an elector for President and Vice President of the United States;

5. "Presidential elector certifying official" shall mean the state official or body that is authorized to certify the appointment of the state's presidential electors;

6. "Presidential slate" shall mean a slate of two persons, the first of whom has been nominated as a candidate for President of the United States and the second of whom has been nominated as a candidate for Vice President of the United States, or any legal successors to such persons, regardless of whether both names appear on the ballot presented to the voter in a particular state;

7. "State" shall mean a State of the United States and the District of Columbia; and

8. "Statewide popular election" shall mean a general election in which votes are cast for presidential slates by individual voters and counted on a statewide basis.

RECEIVED
FEB 01 2017
STATE AUDITOR'S OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 1, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article I, version 3 (2018-155)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on January 31, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
JAN 31 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I, Section 2 of the Constitution is amended to read as follows:

Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design.

The rights protected by the Constitution of the State of Missouri are the rights of natural persons only. Artificial entities, such as corporations, limited liability companies, and other entities, established by the laws of any State, the United States, or any foreign state shall have no rights under this Constitution and are subject to regulation by the People of Missouri, through State, or local law. The privileges of artificial entities shall be determined by the People of Missouri, through State, or local law, and shall not be construed to be inherent or inalienable. State and local government may regulate, limit, or prohibit contributions and expenditures by artificial entities to influence in any way the election of any candidate for public office or any ballot measure.

RECEIVED
Feb 01 2017
STATE AUDITOR'S OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 1, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article I, version 2 (2018-154)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on January 31, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
JAN 31 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

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Signature of Affiant (Person obtaining signatures)

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Street address of Affiant

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Printed Name of Affiant

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City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I, Section 2 of the Constitution is amended to read as follows:

Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design.

The rights protected by the Constitution of the State of Missouri are the rights of natural persons only. Artificial entities, such as corporations, limited liability companies, and other entities, established by the laws of any State, the United States, or any foreign state shall have no rights under this Constitution and are subject to regulation by the People of Missouri, through State, or local law. The privileges of artificial entities shall be determined by the People of Missouri, through State, or local law, and shall not be construed to be inherent or inalienable. State and local government may regulate, limit, or prohibit contributions and expenditures by artificial entities to influence in any way the election of any candidate for public office or any ballot measure and such contributions are hereby prohibited.

RECEIVED
FEB 0 1 2017
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 1, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article I, version 1 (2018-153)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on January 31, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
JAN 31 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

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FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

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Signature of Affiant (Person obtaining signatures)

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Street address of Affiant

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Printed Name of Affiant

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City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I, Section 2 of the Constitution is amended to read as follows:

Section 2. That all constitutional government is intended to promote the general welfare of the people; that all persons have a natural right to life, liberty, the pursuit of happiness and the enjoyment of the gains of their own industry; that all persons are created equal and are entitled to equal rights and opportunity under the law; that to give security to these things is the principal office of government, and that when government does not confer this security, it fails in its chief design.

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RECEIVED
FEB 1 2017
STATE ... OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 1, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III, Section 39 (2018-152)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on January 31, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

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INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
JAN 31 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

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Street address of Affiant

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Printed Name of Affiant

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City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III of the Constitution is revised by amending Section 39 to read as follows:

Section 39. The general assembly shall not have power:
(1) To give or lend or to authorize the giving or lending of the credit of the state in aid or to any person, association, municipal or other corporation;
(2) To pledge the credit of the state for the payment of the liabilities, present or prospective, of any individual, association, municipal or other corporation;
(3) To grant or to authorize any county or municipal authority to grant any extra compensation, fee or allowance to a public officer, agent, servant or contractor after service has been rendered or a contract has been entered into and performed in whole or in part;
(4) To pay or to authorize the payment of any claim against the state or any county or municipal corporation of the state under any agreement or contract made without express authority of law;
(5) To release or extinguish or to authorize the releasing or extinguishing, in whole or in part, without consideration, the indebtedness, liability or obligation of any corporation or individual due this state or any county or municipal corporation;
(6) To make any appropriation of money for the payment, or on account of or in recognition of any claims audited or that may hereafter be audited by virtue of an act entitled "An Act to Audit and Adjust the War Debts of the State," approved March 19, 1874, or any act of a similar nature, until the claim so audited shall have been presented to and paid by the government of the United States to this state;
(7) To act, when convened in extra session by the governor, upon subjects other than those specially designated in the proclamation calling said session or recommended by special message to the general assembly after the convening of an extra session;
(8) To remove the seat of government from the City of Jefferson;
(9) Except as otherwise provided in section 39(b), section 39(c), section 39(e) or section 39(f) of this article, to authorize lotteries or gift enterprises for any purpose, and shall enact laws to prohibit the sale of lottery or gift enterprise tickets, or tickets in any scheme in the nature of a lottery; except that, nothing in this section shall be so construed as to prevent or prohibit citizens of this state from participating in games or contests of skill or chance where no consideration is required to be given for the privilege or opportunity of participating or for receiving the award or prize and the term "lottery or gift enterprise" shall mean only those games or contests whereby money or something of value is exchanged directly for the ticket or chance to participate in the game or contest. The general assembly may, by law, provide standards and conditions to regulate or guarantee the awarding of prizes provided for in such games or contests under the provision of this subdivision;
(10) To impose a use or sales tax upon the use, purchase or acquisition of property paid for out of the funds of any county or other political subdivision.
(11) To prohibit, restrict, limit, or impair, by existing or future law or ordinance of the state, the right of any county, city, town, or village, to establish, mandate or require an employer to provide to an employee a minimum wage rate or employment benefit that exceeds the requirements of federal or state laws, rules, or regulations.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-152)

Subject

Initiative petition from Winston Apple regarding a proposed constitutional amendment to Article III. (Received February 1, 2017)

Date

February 21, 2017

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their agency.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal amends Article III, Section 39 of the MO Constitution to prohibit the General Assembly from prohibiting counties, cities, towns or villages from establishing, mandating, or otherwise requiring an employer to provide a minimum wage rate or unemployment benefit that exceeds the requirements of federal or state laws, rules, or regulations.

This will not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition would have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined they are not able to estimate any significant financial impact on their university.

Officials from **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

Officials from **Missouri Western State University** indicated Article III, Section 39 will not have a fiscal impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University,**. **Missouri Southern State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

This proposal is expected to have no costs or savings to state or local governmental entities.

RECEIVED
FEB 0 1 2017
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 1, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III, Sections 2, 5 & 7, version 2 (2018-151)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on January 31, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

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INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
JAN 31 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

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_____
Signature of Affiant (Person obtaining signatures)

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Street address of Affiant

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Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III, Section 2, Section 5, and Section 7 of the Constitution are amended to read as follows:

Section 2. Election of representatives—apportionment commission, appointment, duties, compensation. — The house of representatives shall consist of **[**one hundred sixty-three**]** eighty members with five members from each of sixteen representative districts in the state of Missouri elected at each general election. [and] Two legislative districts are to be located within the boundaries of each congressional district in the state of Missouri apportioned in the following manner: Within sixty days after the passage of this amendment and again with sixty days after the population of this state is reported to the President for each decennial census of the United States and, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days after notification by the governor that such a ruling has been made, the congressional district committee of each of the [two] political parties casting at least two percent of the [highest] vote for governor in each representative district at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. [Neither party shall select more than one nominee from any one state representative district.] The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into [one hundred and sixty-three] sixteen representative districts, with two districts located within the boundaries of each congressional district and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment. For the purposes of this article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

The commissioners so selected shall on the fifteenth day, excluding Sundays and holidays, after all members have been selected, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary and shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission shall reapportion the representatives by dividing the population of [the state] each congressional district by the number **[**one hundred sixty-three**]** two and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

Should the number of congressional districts be altered as a result of any future decennial census of the United States, the total number of representatives elected will be adjusted accordingly, so that there are still two representative districts within each congressional district with five representatives elected from each representative district.

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission, the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members. After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of

representatives shall be elected according to such districts until a reapportionment is made as herein provided.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.
No reapportionment shall be subject to the referendum.

Section 5. The senate shall consist of **[**thirty-four**]** five members from each congressional district, elected by the qualified voters of the respective congressional districts for four years, with each voter in each district casting a total of up to three votes ranking candidates in order of preference. **[**For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.**]**

For the general elections held in November of 2020 and November of 2022, elections for the senate will be held in all of the congressional districts. Any members of the senate who were elected in 2018 will complete the term of office to which they were elected. The number of members to be elected from each congressional district will be determined by subtracting the number of members completing their terms of office from the total of five members to be elected from each congressional district. Candidates who win election from even-numbered congressional districts in 2020 will serve a two-year term of office. Candidates who win election from odd-numbered congressional districts in 2020 will serve a four-year term of office. For the general election held in November of 2022, five members will be elected from each even-numbered congressional district to serve a four-year term and the number of members equal to the number of members residing in odd-numbered districts whose term of office expires in 2022 will be elected from each odd-numbered congressional district to serve a two-year term. Beginning in 2024 and every two years thereafter, the full complement of twenty members from districts will be elected in each general election, beginning with even-numbered districts in 2024 and odd-numbered districts in 2026.

Should the number of congressional districts be altered as a result of any future decennial census of the United States, the total number of members to be elected will be adjusted accordingly, so that there are still five members elected from each congressional district.

Section 7. **[**Within sixty days after the population of this state is reported to the President for each decennial census of the United States, and within sixty days after notification by the governor that a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

The commissioners so selected shall on the fifteenth day, excluding Sundays and holidays, after all members have been selected, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary and shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission, the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven members.
After the statement is filed senators shall be elected according to such districts until a reapportionment is

made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission. No reapportionment shall be subject to the referendum.]

A list of candidates from each political party for the general election will be determined by means of a primary election, with each party electing a number of candidates up to, but not exceeding, the number of members to be elected to both the house of representatives and the senate in the general election. All qualified candidates who file for each party's nominations will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and will cast a total of three votes, ranked in order of preference. A total number of candidates from each political party up to the number of senators or representatives to be elected will be included on the ballot in the general election, listed in order of number of votes received, with the candidate receiving the most votes listed first on the ballot for each party.

A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot by presenting petitions signed by one-half of one per cent of the legal voters in a given congressional district. An independent candidate may qualify for a place on the ballot by presenting petitions signed by one-fifth of one percent of the legal voters in a given congressional district. The number of "legal voters" is equal to, and determined by, the total vote for governor in that congressional district in the general election last preceding. Said petitions to be delivered to the secretary of state no later than ninety days preceding the general election. At the time the petitions are presented, the political party will also notify the secretary of state of the method to be used by said party in nominating a slate of candidates.

The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.

In the general election, voters will cast a total of three votes, ranked in order of preference. Each validly cast ballot shall initially be counted as one vote for its highest-ranking candidate. The threshold to be elected shall be 17 percent of the total votes counted in any round. Ballots that do not rank any continuing candidate, that contain votes for more than one candidate at the same ranking, or in which a voter has left a ranking blank once that ranking would have been utilized, will be considered "exhausted ballots" and will not be counted in that round, or subsequent rounds.

Tabulation of votes in both the primary election and general election shall proceed in rounds, sequentially, as follows: All first-choice votes are tabulated. Any candidate receiving at least 17 percent of the total number is elected and is considered an "elected candidate" for tabulation purposes in subsequent rounds. The ballots for an elected candidate become exhausted ballots and are not counted in subsequent rounds. The candidate receiving the fewest votes in each round is eliminated. All other candidates are "continuing candidates." The second-choice votes from the ballots with the eliminated candidate as first-choice ae distributed to continuing candidates. Any second-choice votes for elected candidates are ignored and third-choice votes will be utilized instead.

If the number of continuing candidates surpassing the threshold in any round exceeds the number of additional members to be elected, the candidate(s) with the most votes are elected, in order. This process is repeated until the number of elected candidates is equal to the number of members to be elected. If all ballots are exhausted without enough candidates being elected, the continuing candidate(s) with the most votes are elected, in order, to the remaining seats.

If a senator or representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, the seat shall be filled by the next candidate who would have won election had there been one more member elected using the prescribed method for tabulating votes.

This amendment shall take effect January 1, 2019 and beginning with the selection of candidates and election of representatives and senators in the general election to be held in November of 2020.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-151)

Subject

Initiative petition from Winston Apple regarding a proposed constitutional amendment to Article III. (Received February 1, 2017)

Date

February 21, 2017

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no fiscal impact for their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated there is no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated reduces membership from 163 to 80. Would first affect FY 21 post the 11/2020 election. FY 21 savings is $3,879,714 (1/2 year). Savings estimate is $6,943,036 annually after that.

SAVINGS:
Member salary = 83 x $35,915 = $2,980,945
Member expense accounts = 83 x $8,400 = $697,200
Session mileage = 83 x 268 (ave weekly roundtrip mileage) x .37 x 19 (weeks of session) = $156,375
Session per diem = 83 x $113.60 x 70 (days of session) = $660,016
Legislative Assistant salary = 83 x $29,500 = $2,448,500.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Article III of the MO Constitution. It reduces the House of Representatives from 163 members to 80 members (five members from each of the 16 representative districts). Two legislative districts will be located in each congressional district. The Senate increases to 40 members (5 from each congressional district). Candidates will be listed on the general election ballot based on results of a primary election held for each party and there are allowances for others to be added to the ballot with a specific number of signatures. It also prescribes a methodology for determining the winners of elections based on a ranked-choice voting system. The amendment is effective January 1, 2019 for the November 2020 general election.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated costs for their office will increase $1,461,589 annually.

Officials from the **Secretary of State's office** indicated petition 2018-151 would change the composition of the General Assembly and institute a policy of ranked-choice voting to elect state representatives and senators. This would require all voting machines statewide to either be coded to accept ranked-choice voting (which may require reprogramming) or to be replaced with new machines which do allow ranked-choice voting.

As of the 2013 voting systems survey conducted by the Secretary of State’s Office, local election authorities reported that they possessed 8,711 voting machines. The estimated cost for each new voting machine is $5,000. The total cost to the state will vary

depending on the number of machines which are ready to accept ranked-choice votes or can be reprogrammed to do so. However, using total replacement of all machines as a maximum cost, ranked-choice voting may result in a total impact to general revenue ranging from $0 up to $43,555,000.

Additionally, their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition would have no fiscal impact on their city.

Officials from the **City of Raymore** indicated this petition would have no fiscal impact.

Officials from **Platte County Board of Elections** indicated they anticipate no fiscal impact.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,**

the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

Legislative operating costs are estimated to decrease for state government by approximately $5.4 million. This proposal could also result in necessary voting machine replacements statewide at an estimated unknown cost up to $43.5 million.

RECEIVED
FEB 01 2017
STATE AUDITOR'S OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 1, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapter 192 (2018-150)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on January 31, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
JAN. 31 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

One new section of the Revised Missouri Statutes is enacted, to be known as section 192.008, to read as follows:

192.008. 1. "The Missouri Health Insurance Cooperative" (hereinafter referred to as "MHIC") is hereby created, within the department of health and senior services, to provide health insurance for citizens of Missouri who wish to become members of the cooperative.

2. The MHIC shall be administered by the director of the department of health and senior services. The department of health and senior services shall, within one (1) calendar year of the effective date of this section, promulgate rules necessary for the administration of this section.

3. The state of Missouri is authorized to issue bonds to cover the start-up costs for the MHIC, as well as any shortages of funds needed to pay authorized benefits until the funds received from premiums are sufficient to cover those expenses. Premiums and out-of-pocket maximums for members are to be set and then adjusted as soon as practicable to fully cover administrative expenses and benefits paid with money collected from premiums paid by members.

4. Memberships in The Missouri Health Insurance Cooperative shall be available beginning no later than January 1, 2020.

5. Enrollment in The Missouri Health Insurance Cooperative (hereinafter referred to as "MHIC") shall be voluntary and limited to citizens of the state of Missouri.

6. The MHIC shall be revenue-neutral. The percentages of income established for premiums and out-of-pocket maximums shall be adjusted annually and set at levels that will insure that revenues are sufficient to cover all costs, including amounts paid out to members for health care expenses in excess of their out-of-pocket maximum and all administrative expenses; as well as the funds necessary to pay principal and interest on bonds issued to fund start-up costs for MHIC.

7. Premiums for insurance coverage through MHIC, as well as the annual out-of-pocket maximum for members will be based on percentages of each member's gross annual income, as determined by the board. Premiums are to be set as low as possible and out-of-pocket maximums set no higher than necessary to maintain the revenue neutral status of the MHIC, while making membership as affordable as possible.

8. Only treatments and procedures deemed medically necessary, as determined by the department of health and senior services shall be covered through the MHIC.

9. Members who waive coverage for health care expenses and treatments commonly associated with smoking tobacco or consuming alcohol or recreational use of drugs will receive a discount on their premiums that reflects, as accurately as possible the benefits to the MHIC result from not having to pay for such care and treatment for individuals who do not smoke tobacco products, consume alcohol in excess, or use recreational drugs. Should the general assembly elect to provide subsidies to MHIC for health care expenses and treatments commonly associated with smoking tobacco, consuming alcohol, or other recreational drug use through the collection of excise taxes on tobacco products, alcohol, or recreational drugs, this discount will be suspended and all members of MHIC will pay the same percentage of their income as premiums.

10. Members of the MHIC and health care providers in the state of Missouri, are responsible for keeping records and receipts for covered health care, to be furnished to the MHIC if expenses for needed health care exceed the out-of-pocket maximum for a given calendar year and reimbursement is thereby requested. Receipts must be provided to the MHIC upon request.

11. All subsections and all clauses of this statute, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-150)

Subject

Initiative petition from Winston Apple regarding a proposed amendment to Chapter 192 of the Revised Statutes of Missouri. (Received February 1, 2017)

Date

February 21, 2017

Description

This proposal would amend Chapter 192 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the

costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** (DHSS) indicated expenses of $0 in fiscal year 2018, unknown for fiscal year 2019, unknown for fiscal year 2020.

An unknown number of staff to oversee the Missouri Health Insurance Cooperative program would require rental space, located in Jefferson City.

Unknown IT costs or savings related to this proposal.

Section 192.008

The proposal creates a new health insurance program, *The Missouri Health Insurance Cooperative* (MHIC), with oversight by their department (DHSS). MHIC is to be available by January 1, 2018 which is six months of fiscal year (FY) 2018.

The program is to be self-supporting by annually adjusting premiums and out-of-pocket maximums to ensure that all costs as well as funds necessary to pay principal and interest on bonds issued to fund start-up costs for the MHIC are covered..

Section 192.008

Their department is unable to determine the number of individuals who would participate in MHIC. In addition, the premium rates charged by MHIC could be affected by items such as (1) costs for covered services, (2) the scope of benefits that are included, (3) the plan's cost-sharing requirements, and (4) the health status of the plan's enrollees. Also, the MHIC program oversight responsibilities and costs would be directly impacted by the size of the program (i.e., number of participants, list of covered services, etc.). The Office of Administration could issue bonds for startup costs and to cover initial shortages. DHSS is not able to determine the amount of startup cost, premium rates, etc. They do not administer a similar program of any kind, so significant unknown staffing or contractual costs would be necessary. Due to the numerous unknown factors, they are submitting an Unknown Expense equal to Unknown Revenue (Revenue Neutral-zero impact) fiscal note.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Officials from the **Office of Administration** indicated the proposal adds Section 192.008 RSMo., to create the Missouri Health Insurance Cooperative (MHIC) which will be administered by the Department of Health and Senior Services. The state is authorized to issue bonds to cover start-up costs and funds needed for the program until the premium base has been established and is able to pay benefits and administrative costs. Premium levels are to be set and adjusted annually in order to raise sufficient funds to cover all costs, including principal and interest on bonds.

This initiative does not specify who within the state has the authority to issue bonds. There must be a vote of the citizens or there must be a specifically named Board of which a majority vote is required before bonds are issued. If it was determined that the Board of Public Buildings would issue the bonds, the bond issuance duties would be carried out by the Office of Administration. Those duties could be assumed by current staff at no additional cost. However, there would be a cost to the state for the bond issuance and

potentially for the principal and interest payments until the MHIC became self-supporting. The Office of Administration is unable to estimate the cost as it would be dependent upon the amount of bonds issued. For example, issuing $10,000,000 would cost about $692,000 per year for 25 years plus an issuance cost of $250,000. It is expensive to issue bonds regularly, especially for relatively small amounts of money such as this. It may make more sense for an entity to borrow funds from a bank in the form of a revolving loan instead of through the municipal markets.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition would have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal effect.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined that they are not able to estimate any significant financial impact on their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education,** the **Department of Labor and Industrial Relations, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia**, the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College**.

Fiscal Note Summary

The program is mandated to be revenue neutral. No costs or savings are expected for state and local governmental entities.

RECEIVED
FEB 0 1 2017
STATE AUDITOR'S OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 1, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article VIII (2018-149)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on January 31, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
JAN 31 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
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13.					
14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article VIII, Section 24 of the Constitution is enacted to read as follows:

Article VIII, Section 24. In general elections for the offices of United States Senator, Governor, Lieutenant Governor, Secretary of State, Attorney General, State Treasurer, and State Auditor, voters will be given the opportunity to rank candidates in order of preference.

For offices elected by this method of ranked-choice voting, the ballot must be simple and easy to understand and allow a voter to rank up to five candidates for an office in order of preference. A voter may include no more than one write-in candidate among that voter's ranked choices for each office.

For all offices elected by ranked-choice voting, the Secretary of State shall tabulate the votes according to the following method: Tabulation proceeds in sequential rounds. In the first round, only first choice votes are tabulated. If a candidate receives a majority of the votes (fifty percent of the total votes cast, plus one vote) that candidate is elected. If no candidate receives a majority of the first-choice votes cast, the candidate with the lowest number of votes is eliminated and the candidates listed as the second choice on ballots cast for the candidate being eliminated are distributed among the remaining candidates. In subsequent rounds, a voter's third, fourth, or fifth choice may be utilized, in order, as needed. Ballots that do not rank any continuing candidate, that contain votes for more than one candidate at the same ranking, or in which a voter has left a ranking blank once that ranking would have been utilized, will be considered to be "exhausted ballots" and will not be counted in that round, or subsequent rounds. This process is repeated in as many rounds as needed until one candidate wins election by receiving at least fifty percent plus one of the total valid votes tabulated in that round.

Election officials shall determine a random selection algorithm, prior to tabulation, to resolve ties between candidates. If a tie occurs at any point in the tabulation procedure and tabulation cannot proceed until the tie is resolved, then the random selection algorithm shall resolve the tie.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-149)

Subject

Initiative petition from Winston Apple regarding a proposed constitutional amendment to Article VIII. (Received February 1, 2017)

Date

February 21, 2017

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their agency.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Office of Administration (OA)** indicated this proposal amends Article VIII of the MO Constitution by adding Section 24. The new section would create a ranked-choice system for election of the offices of US Senator, Governor, Lt. Governor, Secretary of State, Attorney General, State Treasurer, and State Auditor. Voters would be allowed to rank up to five candidates for an office in order of preference. The Secretary of State is responsible for tabulating the votes according to the specified method.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated petition 2018-149 would institute a policy of ranked-choice voting to elect United States Senators and all statewide officers. This would require all voting machines statewide to either be coded to accept ranked-choice voting (which may require reprogramming) or to be replaced with new machines which do allow ranked-choice voting.

As of the 2013 voting systems survey conducted by the Secretary of State’s Office, local election authorities reported that they possessed 8,711 voting machines. The estimated cost for each new voting machine is $5,000. The total cost to the state will vary depending on the number of machines which are ready to accept ranked-choice votes or can be reprogrammed to do so. However, using total replacement of all machines as a maximum cost, ranked-choice voting may result in a total impact to general revenue ranging from $0 up to $43,555,000.

Additionally, their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish

the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact on their office.

Officials from **Greene County** indicated it is anticipated that printing costs for a November General Election ballot will double to allow for the ranked voting on the ballot. In the November 2016 election, the ballot printing costs were $103,457.25 and so the new ballot printing costs would be estimated to be twice that at $206,914.50.

In addition, a new precinct counter would need to be purchased that would be programmed to count ranked voting ballots. This is anticipated to be approximately $50,000 which would be a one-time cost.

Officials from the **City of Kansas City** indicated this petition would have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **Kansas City Board of Election Commissioners** indicated they currently don't have a tabulation system that can do ranked choices. They anticipate having a new system in place in the fall of 2018. This cost of this new system will be between $1.5 to $2 million.

Officials from the **Platte County Election Board** indicated they anticipate no fiscal impact.

John G. Martin, Clerk to the County Commission, Crawford County, Missouri submitted the following information:

Regarding the petition for a proposed amendment to Article VIII (2018-149) of the Missouri State Constitution, the opinion of the local election authority in Crawford County, Missouri, is that so-called Ranked-Choice Voting is neither in the best interest of the citizens of Crawford County, nor of the State of Missouri as a whole.

As proposed, this method would significantly increase the financial burden of our already-bankrupt county through higher ballot, programming, and machine-purchase costs. In the case of Crawford County, ballots and programming costs would rise to over $30,000.00, and purchase of additional machines to expedite counting would add another $15,000.00, at the very least.

If forced upon the counties, this method would also lengthen the wait time for results, meaning that a winner could not be announced on election night, as currently happens. Extra time required to "weed out" candidates who do not receive enough votes to move on to the next "round of voting" will require several days of extra work, as well as additional funds spent to pay for staff and election judges. These costs become larger with each subsequent "round of voting" that may be required.

The idea that this can be accomplished and still have a ballot that is "simple and easy to understand" is asinine. Experience tells us that voters generally do not read or follow directions when ballots and voting methods are changed; they tend to vote the way they always have. For example, it does not matter if the directions are to "draw a straight line," "fill in the oval," or whatever else happens to be in vogue at the time, there will always be those who will place a checkmark next to a name, circle a name, cross out names of those they do not wish to elect, etc. There is nothing in this proposal that is either simple or easy to understand.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education,** the **Department of Transportation, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners.**

Fiscal Note Summary

This proposal could result in necessary voting machine replacements statewide at an estimated unknown cost up to $43.5 million. Some local election authorities estimate ballot and programming costs.

RECEIVED
FEB 0 1 2017
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 1, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapter 128, Sections 020, 346 & 348 (2018-148)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on January 31, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
JAN. 31 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
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14					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

Section 128.020 of the Revised Missouri Statutes is hereby repealed, and sections 128.346 and 128.348 are amended, to read as follows:

128.020. When any new apportionment shall be made of the members to be elected to the house of representatives of the United States, whereby the number of electors to which this state may be entitled shall be increased or diminished, it shall be the duty of the governor to lay off the state into as many districts as shall be equal to the number of electors to which this state shall then be entitled, so that the said districts contain, as near as may be, an equal number of inhabitants.

128.346. The districts established by the provisions of sections 128.400 to 128.440 for the election of representatives to the Congress of the United States shall be effective beginning with election to the 108th Congress and through the election of the 112th Congress. The districts established by sections 128.451 to 128.458 for the election of representatives to the Congress of the United States shall be effective beginning with the election to the 113th Congress. Effective beginning with the election of representatives to the 117th Congress, representatives to the Congress of the United States shall be elected at large, in the manner prescribed by section 128.348.

128.348. (1) The state of Missouri is hereby divided into nine congressional districts. Effective with the election for the 113th Congress, the state of Missouri shall consist of eight congressional districts. The legal voters of each district shall elect one member of Congress of the United States. Effective with the election for the 117th Congress, representatives to the Congress of the United States shall be elected at-large.

(2) Each political party may nominate a total number of candidates up to or equal to the number of representatives (electors) to which the state of Missouri is entitled.

(3) Political parties may determine an ordered list of candidates through a primary election, caucuses, a statewide party nominating convention, or a combination of caucuses and a statewide party nominating convention.

(4) A primary election will be the default method for parties to select an ordered list of candidates. Should a political party determine that they will select candidates by caucuses, statewide party convention, or a combination of caucuses and a statewide party convention, a legally designated representative of the party will notify the secretary of state, in writing, of the method to be used, no later than the first day of April of an election year.

(5) If a political party elects to use a primary election as the means of determining its candidates for the general election, all qualified candidates who file for said party's nominations will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and for one, and only one, candidate from that party.

(6) An ordered list of candidates for each party, equal to no more than the number of seats to which the state of Missouri is entitled to in a given Congress, will be placed on the ballot in the general election, based on the number of votes received by each candidate in the primary election for each party.

(7) Should a party elect to nominate candidates for the general election by means of caucuses and/or a statewide party convention, an ordered list of that party's candidates shall be filed with the secretary of state's office no less than 90 days before the general election date in election years.

(8) To qualify for a place on the ballot, an independent candidate must present petitions signed by one-quarter of one percent of the legal votes cast for the sum of all candidates for the United States House of Representatives from Missouri in the general election last preceding. Said petitions must be delivered to the secretary of state no later than one-hundred and twenty days before the general election.

(9) The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.

(10) In each general election, each voter will cast a single vote for a political party, and its ordered list of candidates, or for an independent candidate for Congress appearing on the ballot, or a single write-in vote for a candidate not appearing on the ballot, having properly registered with the secretary of state as a write-in candidate.

(11) (a) To determine how many representatives (electors) will be awarded to each political party and which independent candidates will be elected (if any), the total number of valid votes cast for all parties and independent candidates will be divided by the number of representatives to be elected. The resulting number is then to be rounded to the nearest whole number. The total number of votes cast for each party or independent candidate is then to be divided by that number and each party is awarded that number of representatives, with any remaining votes for each party above the number needed to win that many seats calculated as "surplus votes" for that party. Any independent candidate receiving at least the number of votes needed to be elected is elected. The votes for any party or independent candidate falling short of the number needed for a seat are also treated as surplus votes. Any political party or independent candidate with surplus votes may transfer those surplus votes to another political party or independent candidate by notifying the Secretary of State in writing within seven days of the general election.

(c) The number of representatives thus elected is calculated and subtracted from the total number of representatives to be elected. If there are any remaining representatives to be elected according to the party or independent candidate with the highest number of surplus votes.

(d) In the event that a representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, she or he will be replaced by the next nominee from her or his party's ordered list of candidates, or in the case of an independent candidate, by the candidate with the next greatest number of surplus votes.

RECEIVED
FEB 0 1 2017
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 1, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapters 130 & 143 (2018-147)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on January 31, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
JAN 31 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

Two new sections of the Missouri Revised Statutes, to be known as sections 130.230 and 143.990, are enacted to read as follows:

130.230. 1. "The Missouri Elections Trust Fund" is hereby created to provide public financing for candidates for office in Missouri who agree to accept the conditions specified herein, and who subsequently meet those conditions.
2. The Missouri Elections Trust Fund will be administered by a board, to be known as the "Missouri Elections Trust Fund Commission" consisting of seven members, to be nominated by the governor and approved by the senate. The Missouri Electors Trust Fund Commission shall, within one (1) calendar year of the effective date of this section, promulgate rules necessary for the administration of this section, including a method for the expenditure of the funds collected.
(1) No individual may be appointed to the Missouri Elections Trust Fund Commission who is:
(a) a government employee;
(b) a registered lobbyist, or who has been a registered lobbyist at any time during the 5-year period preceding their appointment to the commission;
(c) an officer or employee of a political party or political campaign;
(d) an elected official, senator, or representative.
(2) Members of the Missouri Elections Trust Fund Commission shall be appointed for a term of five years; except the second and third classes of the first seven members to be appointed, who shall be divided into three classes, as follows;
(a) The first three members to be confirmed shall serve a full five-year term;
(b) The fourth and fifth members to be confirmed shall serve a three-year term;
(c) The sixth and seventh members to be confirmed shall serve a one-year term.
(3) Members of the commission may be removed from office if convicted of fraud or mismanagement of funds administered by the commission, or conviction of a felony.
3. Members of the commission will be reimbursed for travel and other expenses at the prevailing rate for other employees and officers of the state of Missouri.
4. The funds collected under this program will be distributed only to candidates who accept and meet the conditions required to qualify for public financing.
5. Candidates accepting public funds must agree to and meet the following conditions:
(1) Not to accept contributions from corporations or political action committees that accept corporate contributions;
(2) Not to accept donations totaling more than $1000 from any individual or other source, excluding a political party of which they are a member, during an election cycle ("election cycle" is defined as the period between two general elections for the same office); and
(3) That at least one-half of the money raised, or in-kind contributions received, by the candidate will come from individual contributors who contribute a total of $100 or less to the candidate during an election cycle.
6. The funding provided to eligible candidates will be in the form of matching funds, with the ratio of the match relative to the amount of money raised by candidates to be determined by the commission based on the total amount of money raised by all candidates who have elected to accept public funds and the total amount of money available from the fund during each election year.
(1) Thirty-five percent of the funds available shall be distributed on the first day of June of each general election year, based on total monetary contributions received during the election cycle up to the date of the quarterly report filed with the Missouri Ethics Commission for the quarter ending on the thirty-first day of March. (In-kind contributions are not eligible for matching funds.)
(2) The balance of available funds shall be distributed on the third Monday in September of each general election year to eligible candidates in the general election, based on total monetary contributions received and reported through the thirtieth day of August.
7. When a candidate or committee files a termination statement and disclosure report with the Missouri Ethics Commission, any and all funds remaining after repaying any debts owed by the campaign committee are to be paid over to the Missouri Elections Trust Fund, up to and including an amount equal to the full amounts of matching funds received by said candidate.
8. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

143.990. 1. In each taxable year beginning on or after January 1, 2018, each individual or corporation having paid state income taxes in the amount of twenty-five dollars or more may designate that five dollars of the tax paid shall be paid over to the Missouri elections trust fund as provided in section 130.230. In the case of a husband and wife with a filing status of married filing combined having paid state income tax in the amount of fifty dollars or more, each spouse may designate that five dollars shall be paid to the fund.
2. The option to contribute to this fund, as authorized by this section, shall be clearly and unambiguously printed on the same page of each income tax return form provided by the state upon which the amount of the amount of tax owed is indicated, and shall include the following statement: "Contributing to the Missouri Elections Trust Fund will not increase the amount of tax owed or reduce the amount of overpayment to be refunded."
3. The department of revenue shall deposit the contributions made pursuant to this statute into the Missouri Election Trust Fund as created in section 130.230.
8. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

RECEIVED
FEB 0 1 2017
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 1, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapters 286 & 143, version 2 (2018-146)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on January 31, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
JAN 31 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

Two new sections of the Missouri Revised Statutes are hereby enacted, to be known as sections 286.131 and 143.012, to read as follows:

286.131. 1. A program to be known as "The Renewable Energy Project" is hereby created within the Missouri Department of Labor and Industrial Relations.
2. Funding for The Renewable Energy Project will be provided through revenues from a tax on long-term capital gains and qualified dividends, as provided for in Section 143.012.
3. The Missouri Department of Labor and Industrial Relations shall, within one (1) calendar year of the effective date of this section, promulgate rules necessary for the administration of this section, including a method for the expenditure of the funds collected pursuant to section 143.012 in a manner that balances cost-effectiveness, amount of carbon emissions to be avoided, economic development, and employment.
4. Funds collected pursuant to this section and section 143.012 shall be used only for the purposes of improving energy efficiency in buildings, constructing and installing renewable energy resources as defined by section 386.890.2(6), modernizing public infrastructure to utilize energy from renewable energy resources, and planting trees on public lands.
4. a. The compensation provided for, and other specific policies related to, work done through jobs created by this project shall be determined and set by the labor and industrial relations commission, but, at a minimum, shall be set at a level that provides a living wage, which is hereby defined as putting a worker, and her or his dependents, at least ten percent above the poverty threshold based on the poverty guidelines published by the Department of Health and Human Services, provided a worker is present and working 40 hours per week.
b. If a household has two or more adult members and no children or other dependents, meeting this level of compensation may be based on all adults working 40 hours per week, if a household has children between five and sixteen years of age, compensation will be based on one adult member working full time and any additional adult members working during school hours. However, in no event shall the hourly wage paid under this program be less than the applicable minimum wage.
c. Management and administrative positions will pay a reasonable salary based on the prevailing salaries for positions with similar responsibilities elsewhere within the government of the state of Missouri.
5. Once the state of Missouri is producing 90% or more of its electricity from clean, renewable sources, the funds generated by this tax on long-term capital gains and qualified dividends may be used, as directed by appropriate legislation, to replace funds generated by the state sales tax so that sales taxes may be reduced or eliminated.
4. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

143.012. 1. Beginning with the 2019 calendar year, a tax on capital gains and qualified dividends will be imposed, with the funds collected dedicated to providing funding for The Renewable Energy Project. The amount of the tax will be the difference, expressed as a percentage, of the rate paid to the federal government on the long-term capital gain or qualified dividend, and the tax paid for an equal amount of ordinary income.
2. Any taxpayer whose total family income is less than 110 percent of the dollar amount of the poverty threshold based on the poverty guidelines published by the Department of Health and Human Services is exempt from this tax.
4. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

RECEIVED
FEB 0 1 2017
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 1, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed statutory amendment to Chapters 286 & 143, version 1 (2018-145)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Winston Apple on January 31, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jay Ashcroft

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
JAN. 31 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it enacted by the people of the state of Missouri:

Two new sections of the Missouri Revised Statutes are hereby enacted, to be known as sections 286.131 and 143.012, to read as follows:

286.131. 1. A program to be known as "The Renewable Energy Project" is hereby created within the Missouri Department of Labor and Industrial Relations.
2. Funding for The Renewable Energy Project will be provided through revenues from a tax on long-term capital gains and qualified dividends, as provided for in Section 143.012.
3. The Missouri Department of Labor and Industrial Relations shall, within one (1) calendar year of the effective date of this section, promulgate rules necessary for the administration of this section, including a method for the expenditure of the funds collected pursuant to section 143.012 in a manner that balances cost-effectiveness, amount of carbon emissions to be avoided, economic development, and employment.
4. Funds collected pursuant to this section and section 143.012 shall be used only for the purposes of improving energy efficiency in buildings, constructing and installing renewable energy resources as defined by section 386.890.2(6), modernizing public infrastructure to utilize energy from renewable energy resources, and planting trees on public lands.
5. Once the state of Missouri is producing 90% or more of its electricity from clean, renewable sources, the funds generated by this tax on long-term capital gains and qualified dividends may be used, as directed by appropriate legislation, to replace funds generated by the state sales tax so that sales taxes may be reduced or eliminated.
5. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

143.012. 1. Beginning with the 2019 calendar year, a tax on capital gains and qualified dividends will be imposed, with the funds collected dedicated to providing funding for The Renewable Energy Project. The amount of the tax will be the difference, expressed as a percentage, of the rate paid to the federal government by each taxpayer on long-term capital gains and qualified dividends earned, and the tax rate that would have been paid for an equal amount of marginal ordinary income, based on each taxpayer's tax bracket.
2. Any taxpayer whose total family income is less than 110 percent of the dollar amount of the poverty threshold, based on the poverty guidelines published by the Department of Health and Human Services, is exempt from this tax.
3. All subsections and all clauses of this Section, and the phrases, and the words within them, are severable. If any of the provisions within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted or invalid, the remainder of those provisions shall remain valid and the application of such provisions shall not be affected thereby.

RECEIVED
FEB 0 1 2017
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

February 1, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Winston Apple regarding a proposed constitutional amendment to Article III, Sections 2, 5 & 7, version 1 (2018-144)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Winston Apple on January 31, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
JAN 31 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT, STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201__

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires: _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article III, Section 2, Section 5, and Section 7 of the Constitution are amended to read as follows:

Section 2. Election of representatives—apportionment commission, appointment, duties, compensation. — The house of representatives shall consist of **[**one hundred sixty-three**]** ten members from each congressional district elected at each general election and apportioned in the following manner: Within sixty days after the population of this state is reported to the President for each decennial census of the United States and, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days after notification by the governor that such a ruling has been made, the congressional district committee of each of the two political parties casting the highest vote for at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state representative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.
For the purposes of this article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

The commissioners so selected shall on the fifteenth day, excluding Sundays and holidays, after all members have been selected, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary and shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission, the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.
After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.
No reapportionment shall be subject to the referendum.

Section 5. The senate shall consist of thirty-four members, divided in two groups of seventeen each, elected by the qualified voters of the respective congressional districts for four years, with each voter in each district casting a single vote in each general election for the ordered list of a political party, or for a single independent candidate appearing on the ballot, or for a single write-in vote for a candidate not appearing on the ballot, having properly registered with the secretary of state as a write-in candidate. **[**For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.**]**

For the general election held in November of 2020, the number of members of the senate to be elected from each district will be equal to the number of members from that district whose term of office is expiring. Members elected from even-numbered congressional districts will serve a four-year term. Members elected in odd numbered districts will serve a two-year term. For the general election held in November of 2022, seventeen members from odd-numbered districts will be elected. A number of members equal to the number of members whose term is expiring will be elected from even-numbered districts, to serve a two-year term. Beginning in 2024 and every two years thereafter, the full complement of seventeen members will be elected in each general election, beginning with even-numbered districts in 2024 and odd-numbered districts in 2026.

Section 7. **[**Within sixty days after the population of this state is reported to the President for each decennial census of the United States, and within sixty days after notification by the governor that a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

The commissioners so selected shall on the fifteenth day, excluding Sundays and holidays, after all members have been selected, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary and shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission, the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven members.
After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.
No reapportionment shall be subject to the referendum.**]**

An ordered list of candidates, ranked by number of votes received, from most to last, from each political party that is to appear on the ballot for both the senate and the house of representatives in each general election will be determined by means of a primary election, with each party electing a number of candidates up to, but not exceeding, the number of members to be elected. All qualified candidates who file for said party's nomination will appear on the primary ballot for that party. Registered voters will be allowed to vote in one, and only one, party's primary election, and will cast a single vote for a single candidate to be nominated from that party for each office to be elected in the general election to follow.

A political party having no candidate for statewide office receiving, nor having received as a political party, at least two percent of the total vote in the preceding general election, may qualify for a place on the ballot by presenting petitions signed by one-half of one per cent of the legal voters in a given congressional district. An independent candidate may qualify for a place on the ballot by presenting petitions signed by one-fifth of one percent of the legal voters in a given congressional district. The number of "legal voters" is equal to, and determined by, the total vote for governor in that congressional district in the general election last preceding. Said petitions to be delivered to the secretary of state no later than ninety days preceding the general election. At the time the petitions are presented, the political party will also notify the secretary of state of the method to be used by said party in nominating a slate of candidates.

The signatures on petitions submitted by independent candidates and political parties shall be subject to verification according to the procedures in the code of state regulations for independent candidate petitions in force at the time the petitions are submitted.

To determine how many seats in the house of representatives and the senate will be assigned to each political party and which independent or write-in candidates will be assigned seats (if any), the total number of valid votes cast for all parties and independent candidates will be divided by ten, for seats from each district in the house of representatives, and by the number of seat to be elected to the senate. The resulting number is then to be rounded to the nearest whole number. The total number of votes cast for each party or independent or write-in candidate is then to be divided by that number and each party is awarded that number of seats, with any remaining votes for each party above the number needed to win that many seats calculated as "surplus votes" for that party. Any independent candidate receiving at least the number of votes needed for a seat is awarded a seat. The votes for any party or independent candidate falling short of the number needed for a seat are also treated as surplus votes.

The surplus votes of any political party or independent candidate having surplus votes, but not having enough surplus votes to win an additional seat, or a seat, may have those surplus votes transferred to another political party or independent candidate by notifying the Secretary of State in writing on or before the date of the general election.

The number of seats thus assigned is calculated and subtracted from the total number of seats to be awarded. Any remaining seats are then awarded, in order, to the party or independent candidate with the highest number of surplus votes.

If a senator or representative resigns, dies, or is removed from office for any reason during the subsequent legislative sessions, the seat shall be filled by the next candidate from her or his party's ordered list, or in the case of an independent candidate, who would have won election had there been one more member elected using the prescribed method for tabulating votes.

This amendment shall take effect January 1, 2019 and beginning with the selection of candidates and election of representatives and senators in the general election to be held in November of 2020.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 27, 2017

RECEIVED
JAN 27 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article I (2018-143)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on January 27, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
JAN 27 2017
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
(Address of Affiant)

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
(Signature of Notary)

.....
(Address of Notary).

Notary Public (Seal) .....

My commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section 35 of Article I of the Constitution of Missouri is amended by modifying section 35. The existing section 35 is set forth hereinafter with the new matter underlined and deleted matter in brackets,

Section 35.

Definitions of terms, as used in this Act:

A) Cannabis: refers to the cannabis, marihuana, marijuana, cannabis, sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including but not limited to, derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof

B) Hemp: The fiber of this plant, extracted from the stem and used to make rope, fabrics, fiberboard, clothing, and paper. The sister plant of cannabis

That agriculture which provides food, energy, health benefits, and security is the foundation and stabilizing force of Missouri's economy. To protect this vital sector of Missouri's economy, the right of farmers and ranchers to engage in farming and ranching practices, including but not limited to the right to grow cannabis and hemp, shall be forever guaranteed in this state, subject to duly authorized powers, if any, conferred by article VI of the Constitution of Missouri.

RECEIVED
JAN 2 6 2017
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 26, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV (2018-142)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on January 26, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

Official Ballot title

RECEIVED
JAN 26 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1					
2					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
Address of Affiant

.....
Signature of Notary

Notary Public (Seal) .....

My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Cannabis Treatment Amendment

2. Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof. This Amendment shall apply to all rsmo mentioning marijuana.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.

a) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

b) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.

4. The Missouri legislature may pass laws that doesn't conflict with this amendment. Medical cannabis, commonly known as marijuana, shall be available to patients who with a doctor's recommendation and Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section two; clause a of this amendment, shall be available with a doctor's recommendation. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture:

a) All Missouri patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

f) Primary caregiver shall not be subjected to criminal or civil charges for providing cannabis to patients who been given a doctor's a medical professional.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for medical treatment to a person engaged in personal use.

6. Medical dispensaries shall verify the following:

a) The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.

b) If, primary caregiver, the dispensary verifies the patient and the primary caregiver.

c) The patient's 9 digit random alphabet. Dispensaries my issue a random alphabet after verifying the Doctor's Recommendation.

d) Retail cannabis products for medical use shall contain appropriate labeling, which outlines the weight and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis. Labels shall not be false or misleading, and should be based on data derived from scientific study and prevailing human experience

7. The Department of Health and Senior Services shall issue 9 digit random alphabet out to patients and keep records of the alphabet on a state wide registry. The registry is to verify it's a patient and it shall not be subjected to Sunshine request under rsmo chapter 610. No law enforcement agency my access the list without a warrant. Law enforcement agencies my only view a printed list but not electronically. Dispensaries shall the Register with the the Department of Health and Senior Services for:

a) licensing and regulations

b) paying fees of no more than $100.00

c) to assist with the 9 digit random alphabet registry.

8. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court.

9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer,

manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.
11. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.This shall
12. become effective on December 6th 2018.

In the November general of 2020, voters shall vote to repeal the above sections 1 through 12 & replace it with the below section 13 through 25. A yes vote approve the repeal above sections 1 through 12 and replace with below sections 13 through 25. If voters fail shall to vote yes, the above sections 1 though 12 remains and voters shall vote again every four years until voters vote yes. Because such vote is contingent on passage of sections 1 through 12, voters will neither be asked to repeal sections 1 through 12 don't and replace with sections 13 through 25 if sections 1 through 12 don't pass.

13.The following shall be called the Cannabis Legalization Amendment

14.Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

15. The Missouri legislature my pass laws that doesn't conflict with this amendment. Marijuana shall shall not be listed in Missouri Controlled Substance to reflect the change that cannabis as defined in section 14; clause a, are permitted for personal use for persons 21 of age or older and shall be available with a doctor's recommendation without an age limit. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture.

a) Adult Possession of cannabis for personal at 21 years or older.

b) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

c) Providing cannabis, cannabis accessories, and products for sale to consumers. Retail cannabis products for medical or personal use shall contain appropriate labeling, which outlines the weight and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis. Labels shall not be false or misleading, and should be based on data derived from scientific study and prevailing human experience

16. Medical cannabis shall be available to patients who have a physician's recommendation.

a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for, nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.

Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

17. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.

18. Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for medical treatment

19. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.

20. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for nonviolent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.

(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related nonviolent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.

21. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.

22. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

23. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

24. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:

25. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 25, 2017

RECEIVED
JAN 25 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Marc Ellinger regarding a proposed constitutional amendment to Article IV, version 5 (2018-141)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Marc Ellinger on January 25, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
JAN 25 2017
MO. SECRETARY OF STATE

(Official Ballot title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
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15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article IV is amended by adding one new section to be known as Section 40(c), to read as follows:

40(c). 1. The provisions of Section 40(c) shall be known as the Fair Chase Amendment, and its purpose is to prohibit confined big game killing in Missouri. It shall be the public policy of this state to protect the health of Missouri's livestock and wildlife by changing the requirements related to captive big game species. Confined big game killing does not provide any food, energy, health benefits or security to Missouri and presents significant threats to the safety, health and welfare of wildlife across Missouri. Confined big game killing, or owning, confining, transporting or possessing big game species for any purpose shall not be construed as hunting, farming or ranching for any purpose under this Constitution or any law.

2. No person shall engage in confined big game killing, except: any person with a valid permit in effect on November 6, 2018. Such person may renew such permit up to and through November 7, 2021, at which time all such permits shall expire and thereafter all confined big game killing shall be prohibited without exception. The Missouri Conservation Commission may make such rules and regulations as may be deemed necessary for the enforcement of this Amendment.

3. At the expiration of any permit referred under subsection 2 of this section, big game species must be located only where they may be confined legally under all applicable laws and regulations in effect at that time.

4. Definitions.

a. "Big game species" shall not include any livestock as defined in this Amendment and shall include all of the following animals, either as live animals or embryos, ova, semen and genetic material intended for commercial breeding operations: (a) all cervids including but not limited to white-tailed deer, elk, mule deer, red deer, fallow deer, sika deer and moose; (b) mountain goats, bighorn sheep, Dall's sheep, pronghorn, peccary, and javelina; and (c) any ungulate (hooved animal) confined or bred primarily for confined big game killing.

b. "Confined big game killing" shall mean an act in which an owner, operator or agent of a big game preserve obtains fees or other remuneration from another person for the killing or attempted killing of privately-owned big game species confined in or released from any man-made enclosure designed to prevent escape, but shall not include any act of a government employee or agent to control an animal population, to prevent or control diseases, or when government action is otherwise required or authorized by law.

c. "Livestock" as used in this Amendment, shall mean cattle, fully domesticated swine, fully domesticated sheep, fully domesticated goats, fully domesticated bison, fully domesticated ratite birds, fully domesticated rabbits, and fully domesticated horses, donkeys, mules, alpacas and llamas, where such fully domesticated animals are raised for human use or consumption and not for uses regulated by the Missouri Conservation Commission. Livestock shall also include semen or ova of any designated animal in this definition.

d. "Big game preserve" shall mean a facility confining privately-owned big game species via escape-resistant fencing which reduces the ability of such privately-owned big game species to evade or escape pursuit.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-141)

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article IV. (Received January 25, 2017)

Date

February 14, 2017

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** the **Missouri Joint Municipal Electric Utility Commission,** and **Metropolitan Zoological Park and Museum District**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated the cost of this proposal is unknown but potentially significant to their department. The proposal takes away a portion of their statutory authority over animal movement and animal health. They lose their current authority over privately owned species under this proposal. It may prevent their department from meeting US Department of Agriculture criteria for an approved Chronic Wasting Disease program, which would eliminate FTE from the Division of Animal Health and have a negative economic impact on the Missouri economy.

The Agricultural and Food Policy Center at Texas A&M University conducted an economic impact study of the United States cervid farming industry in 2007 based on a survey of the deer farms in Texas and the elk producers located throughout the United States.

Based on the values provided by the Texas A&M study, and an estimated number of cervid producers (225) in Missouri, the industry has an estimated direct economic impact of approximately 98 million dollars. The number of individuals employed in the cervid industry is estimated to be approximately 1150 individuals. Based on the study and 2007 property tax rates, the cervid industry would pay approximately $700,000 in property taxes.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact. This initiative petition prohibits confined big game hunting in Missouri. There are no criminal penalties proposed for violating the Fair Chase Amendment.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety, Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Public Safety, Division of Missouri State Highway Patrol** indicated no fiscal impact on their department.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal. Any cost savings in the form of staff time that would not have to be spent permitting and inspecting big game hunting preserves would be minimal, and staff would be reallocated to address other department needs.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated the proposed amendment would authorize the Missouri Conservation Commission to regulate confined, privately owned big game species. It would also restrict or prohibit certain activities relating to such species. Budget and Planning defers to the Missouri Conservation Commission for an estimate of the proposal's fiscal impact on the Commission or the Missouri Department of Conservation (MDC). Budget and Planning also defers to the Missouri Department of Agriculture (MDA) for an estimate of the proposal's potential fiscal impact on MDA. Budget and Planning does not have sufficient information to estimate the potential fiscal impact the proposal may have on state or local government revenues derived from practices that would be regulated, restricted, or prohibited under the proposal.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated their local government estimates the fiscal impact of the above-referenced constitutional amendment for fiscal years 2018, 2019 and 2020 to be as follows:
(reminder: 2018 will likely be a portion of a fiscal year, depending on effective date of amendment)

Revenues: (explain amount per fiscal year and source or reason for increase)
This constitutional amendment will have no fiscal impact on their city.

Savings: (explain amount per fiscal year, reason for savings and area where savings will occur)

This constitutional amendment will have no fiscal impact on their city.

Costs:(explain what type of costs will be incurred, amount per fiscal year and reason)
This constitutional amendment will have no fiscal impact on their city.

Losses:(explain why revenue losses would be expected and amount per fiscal year)
This constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition will not have a fiscal impact on their local government.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will not have a fiscal impact on their university.

Officials from the **Metropolitan Zoological Park and Museum District** indicated if the proposed amendment is adopted, they do not believe they will be impacted fiscally.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** and the **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

State governmental impact is unknown. Local governmental entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 25, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
JAN 25 2017
STATE AUDITORS OFFICE

RE: Petition approval request from Marc Ellinger regarding a proposed constitutional amendment to Article IV, version 4 (2018-140)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Marc Ellinger on January 25, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title)

RECEIVED
JAN 25 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
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14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article IV is amended by adding one new section to be known as Section 40(c), to read as follows:

40(c). 1. The provisions of Section 40(c) shall be known as the Fair Chase Amendment, and its purpose is to prohibit confined big game killing in Missouri. It shall be the public policy of this state to protect the health of Missouri's livestock and wildlife by changing the requirements related to captive big game species. Confined big game killing does not provide any food, energy, health benefits or security to Missouri and presents significant threats to the safety, health and welfare of wildlife across Missouri. Confined big game killing, or owning, confining, transporting or possessing big game species for any purpose shall not be construed as hunting, farming or ranching for any purpose under this Constitution or any law.

2. No person shall engage in confined big game killing, except: any person with a valid permit in effect on November 6, 2018. Such person may renew such permit up to and through November 7, 2021, at which time all such permits shall expire and thereafter all confined big game killing shall be prohibited without exception.

3. In addition to the authority vested in it by Section 40(a) of Article IV, the Missouri Conservation Commission shall have primary authority over the regulation of privately-owned big game species, but excluding bison not raised, bred or held for confined big game killing. The Missouri Conservation Commission may make such rules and regulations as may be deemed necessary for the enforcement of this Amendment.

4. Captive privately-owned big game species shall not be imported into the state of Missouri unless such big game species are being transported to and will be under the supervision of 1) publicly owned zoos or wildlife or research organizations, or American Zoo and Aquariums Association accredited not-for-profit facilities, or 2) a nationally accredited university, college, or school, an incorporated city, state or federal agency for the sole purpose of scientific research. At the expiration of any permit under subsection 2 of this section, big game species must be located only where they may be confined legally under all applicable laws and regulations in effect at that time.

5. Definitions.

a. "Big game species" shall not include any livestock as defined in this Amendment and shall include all of the following animals, either as live animals or embryos, ova, semen and genetic material intended for commercial breeding operations: (a) all cervids including but not limited to white-tailed deer, elk, mule deer, red deer, fallow deer, sika deer and moose; (b) mountain goats, bighorn sheep, Dall's sheep, pronghorn, peccary, and javelina; and (c) any ungulate (hooved animal) confined or bred primarily for confined big game killing.

b. "Confined big game killing" shall mean an act in which an owner, operator or agent of a big game preserve obtains fees or other remuneration from another person for the killing or attempted killing of privately-owned big game species confined in or released from any man-made enclosure designed to prevent escape, but shall not include any act of a government employee or agent to control an animal population, to prevent or control diseases, or when government action is otherwise required or authorized by law.

c. "Livestock" as used in this Amendment, shall mean cattle, fully domesticated swine, fully domesticated sheep, fully domesticated goats, fully domesticated bison, fully domesticated ratite birds, fully domesticated rabbits, and fully domesticated horses, donkeys, mules, alpacas and llamas, where such fully domesticated animals are raised for human use or consumption and not for uses regulated by the Missouri Conservation Commission. Livestock shall also include semen or ova of any designated animal in this definition.

d. "Big game preserve" shall mean a facility confining privately-owned big game species via escape-resistant fencing which reduces the ability of such privately-owned big game species to evade or escape pursuit.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-140)

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article IV. (Received January 25, 2017)

Date

February 14, 2017

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** the **Missouri Joint Municipal Electric Utility Commission,** and **Metropolitan Zoological Park and Museum District**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated the cost of this proposal is unknown but potentially significant to their department. The proposal takes away a portion of their statutory authority over animal movement and animal health. They lose their current authority over privately owned species under this proposal. It may prevent their department from meeting US Department of Agriculture criteria for an approved Chronic Wasting Disease program, which would eliminate FTE from the Division of Animal Health and have a negative economic impact on the Missouri economy.

The Agricultural and Food Policy Center at Texas A&M University conducted an economic impact study of the United States cervid farming industry in 2007 based on a survey of the deer farms in Texas and the elk producers located throughout the United States.

Based on the values provided by the Texas A&M study, and an estimated number of cervid producers (225) in Missouri, the industry has an estimated direct economic impact of approximately 98 million dollars. The number of individuals employed in the cervid industry is estimated to be approximately 1150 individuals. Based on the study and 2007 property tax rates, the cervid industry would pay approximately $700,000 in property taxes.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have an effect on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact. This initiative petition prohibits confined big game hunting in Missouri. There are no criminal penalties proposed for violating the Fair Chase Amendment.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety, Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Public Safety, Division of Missouri State Highway Patrol** indicated no fiscal impact on their department.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal. Any cost savings in the form of staff time that would not have to be spent permitting and inspecting big game hunting preserves would be minimal, and staff would be reallocated to address other department needs.

Officials from the **Department of Transportation** indicated no impact.

Officials from the **Office of Administration** indicated the proposed amendment would authorize the Missouri Conservation Commission to regulate confined, privately owned big game species. It would also restrict or prohibit certain activities relating to such species. Budget and Planning defers to the Missouri Conservation Commission for an estimate of the proposal's fiscal impact on the Commission or the Missouri Department of Conservation (MDC). Budget and Planning also defers to the Missouri Department of Agriculture (MDA) for an estimate of the proposal's potential fiscal impact on MDA. Budget and Planning does not have sufficient information to estimate the potential fiscal impact the proposal may have on state or local government revenues derived from practices that would be regulated, restricted, or prohibited under the proposal.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated their local government estimates the fiscal impact of the above-referenced constitutional amendment for fiscal years 2018, 2019 and 2020 to be as follows:
(reminder: 2018 will likely be a portion of a fiscal year, depending on effective date of amendment)

Revenues: (explain amount per fiscal year and source or reason for increase)
This constitutional amendment will have no fiscal impact on their city.

Savings: (explain amount per fiscal year, reason for savings and area where savings will occur)

This constitutional amendment will have no fiscal impact on their city.

Costs:(explain what type of costs will be incurred, amount per fiscal year and reason)
This constitutional amendment will have no fiscal impact on their city.

Losses:(explain why revenue losses would be expected and amount per fiscal year)
This constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition will not have a fiscal impact on their local government.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will not have a fiscal impact on their university.

Officials from the **Metropolitan Zoological Park and Museum District** indicated if the proposed amendment is adopted, they do not believe they will be impacted fiscally.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** and the **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

State governmental impact is unknown. Local governmental entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 25, 2017

RECEIVED
JAN 25 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Marc Ellinger regarding a proposed constitutional amendment to Article IV, version 3 (2018-139)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Marc Ellinger on January 25, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
JAN 25 2017
MO. SECRETARY OF STATE

(Official Ballot title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article IV is amended by adding one new section to be known as Section 40(c), to read as follows:

40(c). 1. The provisions of Section 40(c) shall be known as the Fair Chase Amendment, and its purpose is to prohibit confined big game killing in Missouri. It shall be the public policy of this state to protect the health of Missouri's livestock and wildlife by changing the requirements related to captive big game species. Confined big game killing does not provide any food, energy, health benefits or security to Missouri and presents significant threats to the safety, health and welfare of wildlife across Missouri. Confined big game killing, or owning, confining, transporting or possessing big game species for any purpose shall not be construed as hunting, farming or ranching for any purpose under this Constitution or any law.

2. No person shall engage in confined big game killing, except: any person with a valid permit in effect on November 6, 2018. Such person may renew such permit up to and through November 7, 2021, at which time all such permits shall expire and thereafter all confined big game killing shall be prohibited without exception.

3. In addition to the authority vested in it by Section 40(a) of Article IV, the Missouri Conservation Commission shall have primary authority over the regulation of privately-owned big game species, but excluding bison not raised, bred or held for confined big game killing. The Missouri Conservation Commission may make such rules and regulations as may be deemed necessary for the enforcement of this Amendment.

4. At the expiration of any permit referred under subsection 2 of this section, big game species must be located only where they may be confined legally under all applicable laws and regulations in effect at that time.

5. Definitions.

a. "Big game species" shall not include any livestock as defined in this Amendment and shall include all of the following animals, either as live animals or embryos, ova, semen and genetic material intended for commercial breeding operations: (a) all cervids including but not limited to white-tailed deer, elk, mule deer, red deer, fallow deer, sika deer and moose; (b) mountain goats, bighorn sheep, Dall's sheep, pronghorn, peccary, and javelina; and (c) any ungulate (hooved animal) confined or bred primarily for confined big game killing.

b. "Confined big game killing" shall mean an act in which an owner, operator or agent of a big game preserve obtains fees or other remuneration from another person for the killing or attempted killing of privately-owned big game species confined in or released from any man-made enclosure designed to prevent escape, but shall not include any act of a government employee or agent to control an animal population, to prevent or control diseases, or when government action is otherwise required or authorized by law.

c. "Livestock" as used in this Amendment, shall mean cattle, fully domesticated swine, fully domesticated sheep, fully domesticated goats, fully domesticated bison, fully domesticated ratite birds, fully domesticated rabbits, and fully domesticated horses, donkeys, mules, alpacas and llamas, where such fully domesticated animals are raised for human use or consumption and not for uses regulated by the Missouri Conservation Commission. Livestock shall also include semen or ova of any designated animal in this definition.

d. "Big game preserve" shall mean a facility confining privately-owned big game species via escape-resistant fencing which reduces the ability of such privately-owned big game species to evade or escape pursuit.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-139)

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article IV. (Received January 25, 2017)

Date

February 14, 2017

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** the **Missouri Joint Municipal Electric Utility Commission,** and **Metropolitan Zoological Park and Museum District**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated the cost of this proposal is unknown but potentially significant to their department. The proposal takes away a portion of their statutory authority over animal movement and animal health. They lose their current authority over privately owned species under this proposal. It may prevent their department from meeting US Department of Agriculture criteria for an approved Chronic Wasting Disease program, which would eliminate FTE from the Division of Animal Health and have a negative economic impact on the Missouri economy.

The Agricultural and Food Policy Center at Texas A&M University conducted an economic impact study of the United States cervid farming industry in 2007 based on a survey of the deer farms in Texas and the elk producers located throughout the United States.

Based on the values provided by the Texas A&M study, and an estimated number of cervid producers (225) in Missouri, the industry has an estimated direct economic impact of approximately 98 million dollars. The number of individuals employed in the cervid industry is estimated to be approximately 1150 individuals. Based on the study and 2007 property tax rates, the cervid industry would pay approximately $700,000 in property taxes.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact. This initiative petition prohibits confined big game hunting in Missouri. There are no criminal penalties proposed for violating the Fair Chase Amendment.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety, Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Public Safety, Division of Missouri State Highway Patrol** indicated no fiscal impact on their department.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal. Any cost savings in the form of staff time that would not have to be spent permitting and inspecting big game hunting preserves would be minimal, and staff would be reallocated to address other department needs.

Officials from the **Department of Transportation** indicated no impact.

Officials from the **Office of Administration** indicated the proposed amendment would authorize the Missouri Conservation Commission to regulate confined, privately owned big game species. It would also restrict or prohibit certain activities relating to such species. Budget and Planning defers to the Missouri Conservation Commission for an estimate of the proposal's fiscal impact on the Commission or the Missouri Department of Conservation (MDC). Budget and Planning also defers to the Missouri Department of Agriculture (MDA) for an estimate of the proposal's potential fiscal impact on MDA. Budget and Planning does not have sufficient information to estimate the potential fiscal impact the proposal may have on state or local government revenues derived from practices that would be regulated, restricted, or prohibited under the proposal.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated their local government estimates the fiscal impact of the above-referenced constitutional amendment for fiscal years 2018, 2019 and 2020 to be as follows:
(reminder: 2018 will likely be a portion of a fiscal year, depending on effective date of amendment)

Revenues: (explain amount per fiscal year and source or reason for increase)
This constitutional amendment will have no fiscal impact on their city.

Savings: (explain amount per fiscal year, reason for savings and area where savings will occur)

This constitutional amendment will have no fiscal impact on their city.

Costs:(explain what type of costs will be incurred, amount per fiscal year and reason)
This constitutional amendment will have no fiscal impact on their city.

Losses:(explain why revenue losses would be expected and amount per fiscal year)
This constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition would not have a fiscal impact on their local government.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will not have a fiscal impact on their university.

Officials from the **Metropolitan Zoological Park and Museum District** indicated if the proposed amendment is adopted, they do not believe they will be impacted fiscally.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** and the **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

State governmental impact is unknown. Local governmental entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 25, 2017

RECEIVED
JAN 25 2017
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Marc Ellinger regarding a proposed constitutional amendment to Article IV, version 2 (2018-138)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Marc Ellinger on January 25, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
JAN 25 2017
MO. SECRETARY OF STATE

(Official Ballot title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
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12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article IV is amended by adding one new section to be known as Section 40(c), to read as follows:

40(c). 1. The right to hunt shall be guaranteed to all Missourians and shall not be infringed by law, except as expressly authorized in this Constitution. Confined big game killing is not hunting for any purpose under this Constitution or any law. This section shall not be a basis to challenge any rule, regulation or permit requirements established by the Missouri Conservation Commission pursuant to its authority under Sections 40(a) through 46 of this Article, nor shall it authorize any person to hunt with any weapon such person may not legally possess, nor shall it authorize trespassing.

2. The provisions of Section 40(c) shall be known as the Fair Chase Amendment, and its purpose is to prohibit confined big game killing in Missouri. It shall be the public policy of this state to protect the health of Missouri's livestock and wildlife by changing the requirements related to captive big game species. Confined big game killing does not provide any food, energy, health benefits or security to Missouri and presents significant threats to the safety, health and welfare of wildlife across Missouri. Confined big game killing, or owning, confining, transporting or possessing big game species for any purpose shall not be construed as hunting, farming or ranching for any purpose under this Constitution or any law.

3. No person shall engage in confined big game killing, except: any person with a valid permit in effect on November 6, 2018. Such person may renew such permit up to and through November 7, 2021, at which time all such permits shall expire and thereafter all confined big game killing shall be prohibited without exception.

4. In addition to the authority vested in it by Section 40(a) of Article IV, the Missouri Conservation Commission shall have primary authority over the regulation of privately-owned big game species, but excluding bison not raised, bred or held for confined big game killing. The Missouri Conservation Commission may make such rules and regulations as may be deemed necessary for the enforcement of this Amendment.

5. At the expiration of any permit referred under subsection 3 of this section, big game species must be located only where they may be confined legally under all applicable laws and regulations in effect at that time.

6. Definitions.

a. "Big game species" shall not include any livestock as defined in this Amendment and shall include all of the following animals, either as live animals or embryos, ova, semen and genetic material intended for commercial breeding operations: (a) all cervids including but not limited to white-tailed deer, elk, mule deer, red deer, fallow deer, sika deer and moose; (b) mountain goats, bighorn sheep, Dall's sheep, pronghorn, peccary, and javelina; and (c) any ungulate (hooved animal) confined or bred primarily for confined big game killing.

b. "Confined big game killing" shall mean an act in which an owner, operator or agent of a big game preserve obtains fees or other remuneration from another person for the killing or attempted killing of privately-owned big game species confined in or released from any man-made enclosure designed to prevent escape, but shall not include any act of a government employee or agent to control an animal population, to prevent or control diseases, or when government action is otherwise required or authorized by law.

c. "Livestock" as used in this Amendment, shall mean cattle, fully domesticated swine, fully domesticated sheep, fully domesticated goats, fully domesticated bison, fully domesticated ratite birds, fully domesticated rabbits, and fully domesticated horses, donkeys, mules, alpacas and llamas, where such fully domesticated animals are raised for human use or consumption and not for uses regulated by the Missouri Conservation Commission. Livestock shall also include semen or ova of any designated animal in this definition.

d. "Big game preserve" shall mean a facility confining privately-owned big game species via escape-resistant fencing which reduces the ability of such privately-owned big game species to evade or escape pursuit.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-138)

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article IV. (Received January 25, 2017)

Date

February 14, 2017

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** the **Missouri Joint Municipal Electric Utility Commission,** and **Metropolitan Zoological Park and Museum District**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated the cost of this proposal is unknown but potentially significant to their department. The proposal takes away a portion of their statutory authority over animal movement and animal health. They lose their current authority over privately owned species under this proposal. It may prevent their department from meeting US Department of Agriculture criteria for an approved Chronic Wasting Disease program, which would eliminate FTE from the Division of Animal Health and have a negative economic impact on the Missouri economy.

The Agricultural and Food Policy Center at Texas A&M University conducted an economic impact study of the United States cervid farming industry in 2007 based on a survey of the deer farms in Texas and the elk producers located throughout the United States.

Based on the values provided by the Texas A&M study, and an estimated number of cervid producers (225) in Missouri, the industry has an estimated direct economic impact of approximately 98 million dollars. The number of individuals employed in the cervid industry is estimated to be approximately 1150 individuals. Based on the study and 2007 property tax rates, the cervid industry would pay approximately $700,000 in property taxes.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact. This initiative petition prohibits confined big game hunting in Missouri. There are no criminal penalties proposed for violating the Fair Chase Amendment.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety, Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Public Safety, Division of Missouri State Highway Patrol** indicated no fiscal impact on their department.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal. Any cost savings in the form of staff time that would not have to be spent permitting and inspecting big game hunting preserves would be minimal, and staff would be reallocated to address other department needs.

Officials from the **Department of Transportation** indicated no impact.

Officials from the **Office of Administration** indicated the proposed amendment would authorize the Missouri Conservation Commission to regulate confined, privately owned big game species. It would also restrict or prohibit certain activities relating to such species. Budget and Planning defers to the Missouri Conservation Commission for an estimate of the proposal's fiscal impact on the Commission or the Missouri Department of Conservation (MDC). Budget and Planning also defers to the Missouri Department of Agriculture (MDA) for an estimate of the proposal's potential fiscal impact on MDA. Budget and Planning does not have sufficient information to estimate the potential fiscal impact the proposal may have on state or local government revenues derived from practices that would be regulated, restricted, or prohibited under the proposal.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated their local government estimates the fiscal impact of the above-referenced constitutional amendment for fiscal years 2018, 2019 and 2020 to be as follows:
(reminder: 2018 will likely be a portion of a fiscal year, depending on effective date of amendment)

Revenues: (explain amount per fiscal year and source or reason for increase)
This constitutional amendment will have no fiscal impact on their city.

Savings: (explain amount per fiscal year, reason for savings and area where savings will occur)
This constitutional amendment will have no fiscal impact on their city.

Costs:(explain what type of costs will be incurred, amount per fiscal year and reason)
This constitutional amendment will have no fiscal impact on their city.

Losses:(explain why revenue losses would be expected and amount per fiscal year)
This constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition should not have a fiscal impact on their local government.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will not have a fiscal impact on their university.

Officials from the **Metropolitan Zoological Park and Museum District** indicated if the proposed amendment is adopted, they do not believe they will be impacted fiscally.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education,** the **Missouri Senate, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** and the **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

State governmental impact is unknown. Local governmental entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 25, 2017

RECEIVED
JAN 25 2017
STATE AUDITOR'S OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Marc Ellinger regarding a proposed constitutional amendment to Article IV, version 1 (2018-137)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Marc Ellinger on January 25, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
JAN 25 2017
MO. SECRETARY OF STATE

(Official Ballot title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
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11.					
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15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article IV is amended by adding one new section to be known as Section 40(c), to read as follows:

40(c). 1. The right to hunt shall be guaranteed to all Missourians and shall not be infringed by law, except as expressly authorized in this Constitution. Confined big game killing is not hunting for any purpose under this Constitution or any law. This section shall not be a basis to challenge any rule, regulation or permit requirements established by the Missouri Conservation Commission pursuant to its authority under Sections 40(a) through 46 of this Article, nor shall it authorize any person to hunt with any weapon such person may not legally possess, nor shall it authorize trespassing.

2. The provisions of Section 40(c) shall be known as the Fair Chase Amendment, and its purpose is to prohibit confined big game killing in Missouri. It shall be the public policy of this state to protect the health of Missouri's livestock and wildlife by changing the requirements related to captive big game species. Confined big game killing does not provide any food, energy, health benefits or security to Missouri and presents significant threats to the safety, health and welfare of wildlife across Missouri. Confined big game killing, or owning, confining, transporting or possessing big game species for any purpose shall not be construed as hunting, farming or ranching for any purpose under this Constitution or any law.

3. No person shall engage in confined big game killing, except: any person with a valid permit in effect on November 6, 2018. Such person may renew such permit up to and through November 7, 2021, at which time all such permits shall expire and thereafter all confined big game killing shall be prohibited without exception.

4. In addition to the authority vested in it by Section 40(a) of Article IV, the Missouri Conservation Commission shall have primary authority over the regulation of privately-owned big game species, but excluding bison not raised, bred or held for confined big game killing. The Missouri Conservation Commission may make such rules and regulations as may be deemed necessary for the enforcement of this Amendment.

5. Captive privately-owned big game species shall not be imported into the state of Missouri unless such big game species are being transported to and will be under the supervision of 1) publicly owned zoos or wildlife or research organizations, or American Zoo and Aquariums Association accredited not-for-profit facilities, or 2) a nationally accredited university, college, or school, an incorporated city, state or federal agency for the sole purpose of scientific research. At the expiration of any permit under subsection 3 of this section, big game species must be located only where they may be confined legally under all applicable laws and regulations in effect at that time.

6. Definitions.

a. "Big game species" shall not include any livestock as defined in this Amendment and shall include all of the following animals, either as live animals or embryos, ova, semen and genetic material intended for commercial breeding operations: (a) all cervids including but not limited to white-tailed deer, elk, mule deer, red deer, fallow deer, sika deer and moose; (b) mountain goats, bighorn sheep, Dall's sheep, pronghorn, peccary, and javelina; and (c) any ungulate (hooved animal) confined or bred primarily for confined big game killing.

b. "Confined big game killing" shall mean an act in which an owner, operator or agent of a big game preserve obtains fees or other remuneration from another person for the killing or attempted killing of privately-owned big game species confined in or released from any man-made enclosure designed to prevent escape, but shall not include any act of a government employee or agent to control an animal population, to prevent or control diseases, or when government action is otherwise required or authorized by law.

c. "Livestock" as used in this Amendment, shall mean cattle, fully domesticated swine, fully domesticated sheep, fully domesticated goats, fully domesticated bison, fully domesticated ratite birds, fully domesticated rabbits, and fully domesticated horses, donkeys, mules, alpacas and llamas, where such fully domesticated animals are raised for human use or consumption and not for uses regulated by the Missouri Conservation Commission. Livestock shall also include semen or ova of any designated animal in this definition.

d. "Big game preserve" shall mean a facility confining privately-owned big game species via escape-resistant fencing which reduces the ability of such privately-owned big game species to evade or escape pursuit.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-137)

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article IV. (Received January 25, 2017)

Date

February 14, 2017

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** the **Missouri Joint Municipal Electric Utility Commission,** and **Metropolitan Zoological Park and Museum District**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated the cost of this proposal is unknown but potentially significant to their department. The proposal takes away a portion of their statutory authority over animal movement and animal health. They lose their current authority over privately owned species under this proposal. It may prevent their department from meeting US Department of Agriculture criteria for an approved Chronic Wasting Disease program, which would eliminate FTE from the Division of Animal Health and have a negative economic impact on the Missouri economy.

The Agricultural and Food Policy Center at Texas A&M University conducted an economic impact study of the United States cervid farming industry in 2007 based on a survey of the deer farms in Texas and the elk producers located throughout the United States.

Based on the values provided by the Texas A&M study, and an estimated number of cervid producers (225) in Missouri, the industry has an estimated direct economic impact of approximately 98 million dollars. The number of individuals employed in the cervid industry is estimated to be approximately 1150 individuals. Based on the study and 2007 property tax rates, the cervid industry would pay approximately $700,000 in property taxes.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact. This initiative petition prohibits confined big game hunting in Missouri. There are no criminal penalties proposed for violating the Fair Chase Amendment.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety, Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Public Safety, Division of Missouri State Highway Patrol** indicated no fiscal impact on their department.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal. Any cost savings in the form of staff time that would not have to be spent permitting and inspecting big game hunting preserves would be minimal, and staff would be reallocated to address other department needs.

Officials from the **Department of Transportation** indicated no impact.

Officials from the **Office of Administration** indicated the proposed amendment would authorize the Missouri Conservation Commission to regulate confined, privately owned big game species. It would also restrict or prohibit certain activities relating to such species. Budget and Planning defers to the Missouri Conservation Commission for an estimate of the proposal's fiscal impact on the Commission or the Missouri Department of Conservation (MDC). Budget and Planning also defers to the Missouri Department of Agriculture (MDA) for an estimate of the proposal's potential fiscal impact on MDA. Budget and Planning does not have sufficient information to estimate the potential fiscal impact the proposal may have on state or local government revenues derived from practices that would be regulated, restricted, or prohibited under the proposal.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated their local government estimates the fiscal impact of the above-referenced constitutional amendment for fiscal years 2018, 2019 and 2020 to be as follows:
(reminder: 2018 will likely be a portion of a fiscal year, depending on effective date of amendment)

Revenues: (explain amount per fiscal year and source or reason for increase)
This constitutional amendment will have no fiscal impact on their city.

Savings: (explain amount per fiscal year, reason for savings and area where savings will occur)
This constitutional amendment will have no fiscal impact on their city.

Costs:(explain what type of costs will be incurred, amount per fiscal year and reason)
This constitutional amendment will have no fiscal impact on their city.

Losses:(explain why revenue losses would be expected and amount per fiscal year)
This constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition should not have a fiscal impact on their local government.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will not have a fiscal impact on their university.

Officials from the **Metropolitan Zoological Park and Museum District** indicated if the proposed amendment is adopted, they do not believe they will be impacted fiscally.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education,** the **Missouri Senate, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** and the **Missouri Joint Municipal Electric Utility Commission.**

Fiscal Note Summary

State governmental impact is unknown. Local governmental entities expect no costs or savings.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 25, 2017

STATE AUDITOR'S OFFICE
RECEIVED
JAN 25 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Doug Burlison regarding a proposed constitutional amendment to Article IV (2018-136)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Doug Burlison on January 25, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 8th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
JAN 25 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.						
2.						
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11.						
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13.						
14.						
15.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age, I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant

Subscribed and sworn to before me, this _____ day of _____, A.D. _____ .

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires _____

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals, in part or in whole, and Amends various statutes and subsections including but not necessarily limited to RSMo 87.400.1(6), 87.400.1(7), 87.505.1(12), 87.505.1(13), 105.1108.1, 105.1112.1, 192.945.1, 195.010.1(17)(g), 195.010.1(l), 195.010.1(24), 195.010.1(40), 195.017.1(4)(w), 195.017.1(4)(ee), 195.017.2(4)(w), 195.017.2(ee), 195.140.2, 195.207.1, 195.211.1, 195.222.1(7), 195.223.1(7), 195.223.1(8), 261.265.1, 263.250.1, 261.265.1, 306.110.1(2), 579.015.1(2), 579.015.1(3), 579.015.1(4), 579.015.1(5), 579.020.1(2), 579.020.1(3), 579.020.1(4), 579.020.1(5), 577.024.1(2), 579.030.1, 579.055.1(3), 579.055.1(4), 579.068.1(7), 579.068.1(9)3.(7), 579.068.1(9)3.(8), 579.105.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1. Cannabis shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. Cannabis shall no longer be considered a controlled substance or a drug hence forth by Missouri law.

2. Definition of terms, as used in this Act:
(a) "Cannabis" and "Cannabis hemp" refer to the Cannabis, marihuana, marijuana, Cannabis sativa, Cannabis sativa L., Cannabis Americana, Cannabis Gigantea, Cannabis indica, Cannabis ruderalis, or any variety of Cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
(b) "Medical Cannabis" refers to Cannabis used to prevent or to treat a medical condition.
(c) "Personal use" refers to the personal use or consumption of Cannabis.
(d) "Cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing Cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing Cannabis into and/or onto the human body.
(e) "Establishment" refers to a Cannabis cultivation facility, a Cannabis testing facility, a Cannabis product manufacturing facility, or a retail store, Cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells Cannabis, Cannabis products and/or Cannabis accessories.

3. The following acts are not unlawful and shall not be an offense under Missouri law:
(a) Possession of Cannabis for personal or medical use.
(b) Cultivating Cannabis for personal or medical use.
(c) Cultivation, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing Cannabis, Cannabis accessories, and Cannabis products for commercial purposes, provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.
(d) Providing Cannabis, Cannabis accessories, and Cannabis products for sale to consumers.
(e) Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
(f) No one shall be denied housing solely based on their use of Cannabis.
(g) No one shall be denied employment solely based on their use of Cannabis.
(h) The use and/or possession of Cannabis shall not be grounds for issuing a "Driving under the influence" (DUI) stop, charge, arrest or fines when operating a motor vehicle.

4. Medical Cannabis shall be available to patients without taxation who have a physician's recommendation for its use.
(a) All patients engaged in Cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means, whether or not under the care of a physician.
(b) Licensed physicians shall not be penalized for, nor restricted from recommending Cannabis for medical purposes to any person under their care.
(c) Veterinarians shall not be penalized nor restricted from recommending Cannabis for medical purposes for any creature under their care.
(d) Opinions pertaining to, and willingness to recommend medical Cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical Cannabis therapy.
(e) Any individual who is a Cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri Cannabis patient.
(f) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of Cannabis.

5. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, Cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.
(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent Cannabis only offenses which are no longer illegal in the State of Missouri under this Act.
(b) Within 60 days of the passage of this Act, a legal document shall be developed and made available to the public ordering the immediate destruction of all Cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment which is no longer illegal in the State of Missouri under this Act. This document shall be distributed to all pertinent parties throughout the state.

6. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal Cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.
(a) Asset Forfeiture shall no longer be justified or used by any Missouri law enforcement through association with Cannabis, Cannabis cultivation, it's use and/or possession.

7. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

8. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

9. Pursuant to the Ninth and Tenth Amendments to the Constitution of the United States, the people of Missouri hereby repudiate and challenge federal Cannabis prohibitions that conflict with this Act.

10. If any rival or conflicting initiative regulating any matter addressed by this act receives the higher affirmative vote, then all non-conflicting parts shall become operative.

11. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

12. The dictates of this Initiative shall be implemented no later than January 31st,, following the election that placed this initiative before the people.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 24, 2017

STATE AUDITOR'S OFFICE
RECEIVED
JAN 24 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Kristen Gilio regarding a proposed constitutional amendment to Article IV, version 3 (2018-135)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Kristen Gilio on January 23, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of Imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or Village in which I live are correctly written after my name.

OFFICIAL BALLOT TITLE AS CERTIFIED
BY
SECRETARY OF STATE

RECEIVED
JAN 23 2017
MO. SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF_____

I,_____being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town, Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence: I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and_____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do_____ do not_____ (check one) expect to be paid for circulating this petition. If paid, list the payer_____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant

Subscribed and sworn to before me, this_____day of_____, A.D. _____

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires_____

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1,577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1.Cannabis aka marijuana and cannabis hemp shall immediately be removed from Missouri's list of controlled substances and shall no longer be listed among Missouri's drugs schedules.

2. Definitions of terms used in this Act: cannabis and cannabis hemp refer to cannabis marijuana, cannabis sativa, cannabis indica, cannabis ruderalis or any variety of cannabis including any derivative, concentrate, extract, flower leaf particle preparation resin root salt seed stalk stem or any product thereof.
a. Medical cannabis refers to Physician or Veterinarian written recommended use of cannabis or any form of cannabis derivative, concentrate, extract, flower, stem, stalk, root, leaf, or any Cannabis product thereof.
b. Personal aka recreational use refers to any cannabis products use not recommended by Physician's or Veterinarian's
c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging or storing of cannabis or hemp or for ingesting, inhaling, vaporizing smoking or otherwise introducing cannabis into or onto the human body with any vehicle or what could be construed as a dangerous device.
d. Establishment refers to cannabis cultivating facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares manufactures packages transports or sells cannabis or hemp products or accessories.

3. Minors refers to anyone under the age of 21
a. Cannabis or its products shall not be sold to anyone under the age of 21.
b. Anyone under the age of 21 shall have legal access to cannabis through a physician's written recommendation, and parental supervision or a legal guardian for medical conditions or diseases that cannabis might help with.

4. The following acts are not unlawful and shall not be an offense under these revised Missouri law's
a. Possession or cultivation of cannabis for personal or medical use in an area sufficient to produce the quantity necessary to address one's personal or medical needs
b. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display, or possessing of any non-toxic food or food product.
c. Providing cannabis, aka marijuana and or any part of the cannabis plant thereof to be sold to the public must be tested by an accredited testing facility and all packaging labeled accordingly to reflect said testing.
d. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs a through d of this section

5. Patient's rights: cannabis shall be available to all patients regardless of age, race or gender without taxation when recommended by a physician as a medicine.
a. All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means.

6. All prisoners that have been found guilty in a Missouri Court off a nonviolent cannabis related crime shall immediately be released and all charges for non-violent cannabis crimes shall be expunged from their records.
a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related nonviolent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7. No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution.
a. Any person who impedes the lawful exercise of these provisions is guilty of a class A misdemeanor and is subject to all penalties or fines thereof.

8. Cannabis farmers, manufacturer's processors and distributors shall not be subject to any special zoning requirements, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor of agricultural products.

9. Pursuant to the ninth and tenth amendments to the constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.
a. The state of Missouri will honor all legally obtained patients medical cards regardless of the state where issued and Missouri shall become reciprocity with all legal states where Cannabis is considered legalized by law for medical or recreational use.
b. Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians or Veterinarian's; No physician or Veterinarian shall be subject to any professional license review or hearing as a result of recommending or approving medical cannabis therapy.
c. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis, hemp or any derivatives or parts thereof.

10. All provisions of this section are self-executing and serviceable. Except where otherwise indicated in the text of this document this constitutional amendment shall supersede any and all conflicting city, county, state or federal statutory, local charter, ordinance or resolution and shall be implemented no later than January 31st, following the election that placed this initiative before the people of Missouri.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-135)

Subject

Initiative petition from Kristen Gilio regarding a proposed constitutional amendment to Article IV. (Received January 24, 2017)

Date

February 14, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Veterans Commission, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated among other provisions, this proposal could require their office to develop and issue an order providing for the destruction of "all cannabis related nonviolent civil and criminal records in Missouri." Moreover, the proposal purports to supersede federal law.

They expect that the enactment of this proposal would result in increased litigation. They assume they could absorb costs associated with the increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** estimated increased operating costs of $0 in fiscal year 2018, unknown>$99,045 in fiscal year 2019, and unknown>$169,098 in fiscal year 2020.

Section 192.945, RSMo, allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for both medical and recreational purposes. Therefore, persons with intractable epilepsy would not need to apply for a hemp extract registration card in order to legally use the CBD oil.

They expect rental space for two staff located in Jefferson City would be required: 2 staff x 230 sq.ft./FTE x $21.00 = $9,660.

They indicated retail marijuana, cultivation facilities, products manufacturer, and testing facilities may be established as small businesses.

Division of Community and Public Health (DCPH)

This proposal does not require them to issue any licenses or conduct inspections to ensure the safety of marijuana infused food products. However, sections 196.010 through 196.298, RSMo, gives them responsibility for the regulation of food to include such duties as ensuring food safety, sanitation, and proper labeling, etc. Therefore, they would have responsibility to assure that facilities manufacturing foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

Division of Community and Public Health (DCPH)

Due to the broad parameters of this proposal, it is difficult to determine how many food manufacturing facilities would be established. States which have legalized retail marijuana have seen a significant demand for edible marijuana products. For the purposes of this fiscal note, they estimate that at least 300 food manufacturing facilities would be established as a result of this proposal. In order to properly inspect these manufacturing facilities, DCPH would require a minimum of two Environmental Public Health Specialist IV staff (A27, $44,352, Step G). This law shall be implemented no later than January 31 following the November 2018 election. Therefore, DCPH assumes that the two Environmental Public Health Specialist IV positions would begin January 1, 2019.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $7,178,073 in fiscal year 2019 (7 months), $7,511,746 in fiscal year 2020, $10,011,383 in fiscal year 2021, $10,741,186 in fiscal year 2022 and thereafter.

Legalizing the possession and use of marijuana would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY17 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will no discharges from expungement but the reduction in the prison population will increase to 214. The field reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $7,178,073 and will be $10,741,186 after the 4th year.

If marijuana usage becomes legal it could impact the safety and security of our prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of our prisons.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety, Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Public Safety, Division of Missouri State Highway Patrol** indicated they expect increased operating costs of $426,236 for the first year implemented, $487,384 for the second year implemented, and $492,597 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

Criminal Justice Information Services Division
The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094
RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Divison

Currently, there are 86,600 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest and arrest/disposition records pertaining to individuals the age of 21 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only ten percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require 4 FTE's. However, if a large number of these expungements were to be granted with even four FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 35 FTE's to complete this task in approximately one year.

The addition of 35 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 86,600 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

10% = 86,600 x .10 = 8,660 / 2,485 = 4 FTE's
50% = 86,600 x .50 = 43,300 / 2,485 = 17 FTE's
100% = 86,600 / 2,485 = 35 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing ten percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

4 Quality Control Clerks ($1,015 x 24)	$97,440
Equipment/Office Furniture	$6,094

RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require the Highway Patrol to rent office space for 4 FTE's to process the expungement requests. The Office of Administration states that 920 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft
Utility Costs	$2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. The definition of a “non-violent cannabis-only offense” needs to be added. It is unclear if individuals with the aforementioned conviction records are required to abide by the expungement process mandated by various other state statutes. Does the individual just complete and file a document with a circuit clerk and the record is

expunged or does the "court," whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?

The Highway Patrol has concerns with number 7 which states, "No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution."

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no impact.

Officials from the **Office of Administration** (OA) indicated:

Under this proposal:

- Cannabis and cannabis hemp would be removed from the list of scheduled drugs
- Possessing, cultivating, harvesting and distributing cannabis for personal or medical use would be decriminalized. Anyone under age 21 may have access only for medical marijuana with a doctor's recommendation or parental/guardian supervision.
- Cannabis shall be available to all patients regardless of age, race or gender without taxation when recommended by a physician as a medicine.
- The use or possession of cannabis is not grounds alone for a Driving Under the Influence infraction.
- All prisoners who have been incarcerated for nonviolent cannabis-related crimes shall be immediately released and all charges for cannabis crimes expunged.
- No state or federal personnel or funds shall be used to enforce federal laws which are no longer illegal in Missouri under this amendment.
- Missouri will have reciprocity with any other states where cannabis is legalized by law for medical or recreational use.
- Language is included to state that the people of Missouri repudiate and challenge federal cannabis prohibitions that conflict with this proposal.
- Effective date is no later than January 31st following the election.
- Provisions are severable.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated:

The proposed initiative petition, 18-135, would create a new section of the Missouri Constitution to be known as Article IV, section 54. This section would allow citizens over the age of twenty-one to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to 2015 for Associate case types is 10,982. We are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund

Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund

Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri

Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes they contract all conflicts to private attorneys, which they are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated their local government estimates the fiscal impact of the above-referenced constitutional amendment for fiscal years 2018, 2019 and 2020 to be as follows:
(reminder: 2018 will likely be a portion of a fiscal year, depending on effective date of amendment)

Revenues: (explain amount per fiscal year and source or reason for increase)
This constitutional amendment will have no fiscal impact on their city.

Savings: (explain amount per fiscal year, reason for savings and area where savings will occur)
This constitutional amendment will have no fiscal impact on their city.

Costs:(explain what type of costs will be incurred, amount per fiscal year and reason)
This constitutional amendment will have no fiscal impact on their city.

Losses:(explain why revenue losses would be expected and amount per fiscal year)
This constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition should not have a fiscal impact on their local government.

Officials from the **Missouri Veterans Commission** indicated they defer fiscal impact to the Department of Revenue/Tax. They are pleased to receive any funding which appropriately comes to them to support the Veterans Programs currently administered by the Commission.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will not have a fiscal impact on their university.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,**

the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

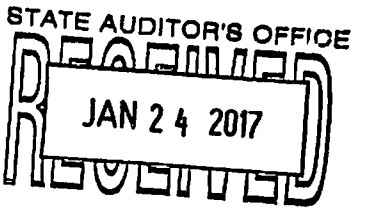
This proposal is estimated to result in annual state savings of $11 million. Additional state operating costs resulting from this proposal are estimated at $700,000 annually. Local law enforcement costs could also increase.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 24, 2017



The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Kristen Gilio regarding a proposed constitutional amendment to Article IV, version 2 (2018-134)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Kristen Gilio on January 23, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of Imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or Village in which I live are correctly written after my name.

OFFICIAL BALLOT TITLE AS CERTIFIED
BY
SECRETARY OF STATE

(Official Ballot Title)

RECEIVED
JAN 23 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF_____

I,_____being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town, Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence: I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and_____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do_____ do not_____ (check one) expect to be paid for circulating this petition. If paid, list the payer_____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

Subscribed and sworn to before me, this_____day of_____, A.D. _____

Notary Public (Seal)

My commission expires_____

_____
Address of Affiant

_____
Signature of Notary

_____
Address of Notary

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1,577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1.Cannabis aka marijuana and cannabis hemp shall immediately be removed from Missouri's list of controlled substances and shall no longer be listed among Missouri's drugs schedules.

2. Definitions of terms used in this Act: cannabis and cannabis hemp refer to cannabis marijuana, cannabis sativa, cannabis indica, cannabis ruderalis or any variety of cannabis including any derivative, concentrate, extract, flower leaf particle preparation resin root salt seed stalk stem or any product thereof.
a. Medical cannabis refers to Physician or Veterinarian written recommended use of cannabis or any form of cannabis derivative, concentrate, extract, flower, stem, stalk, root, leaf, or any Cannabis product thereof.
b. Personal aka recreational use refers to any cannabis products use not recommended by Physician's or Veterinarian's
c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging or storing of cannabis or hemp or for ingesting, inhaling, vaporizing smoking or otherwise introducing cannabis into or onto the human body with any vehicle or what could be construed as a dangerous device.
d. Establishment refers to cannabis cultivating facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares manufactures packages transports or sells cannabis or hemp products or accessories.

3. Minors refers to anyone under the age of 21
a. Cannabis or its products shall not be sold to anyone under the age of 21.
b. Anyone under the age of 21 shall have legal access to cannabis through a physician's written recommendation, and parental supervision or a legal guardian for medical conditions or diseases that cannabis might help with.

4. The following acts are not unlawful and shall not be an offense under these revised Missouri law's
a. Possession or cultivation of cannabis for personal or medical use in an area sufficient to produce the quantity necessary to address one's personal or medical needs
b. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display, or possessing of any non-toxic food or food product.
c. Providing cannabis, aka marijuana and or any part of the cannabis plant thereof to be sold to the public must be tested by an accredited testing facility and all packaging labeled accordingly to reflect said testing.
d. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs a through e of this section
e. The use or possession of cannabis is not grounds alone for a "DUI" driving under the influence infraction

5. Patient's rights: cannabis shall be available to all patients regardless of age, race or gender without taxation when recommended by a physician as a medicine.
a. All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means.

6. All prisoners that have been found guilty in a Missouri Court off a nonviolent cannabis related crime shall immediately be released and all charges for non-violent cannabis crimes shall be expunged from their records.
a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related nonviolent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7. No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution.
a. Any person who impedes the lawful exercise of these provisions is guilty of a class A misdemeanor and is subject to all penalties or fines thereof.

8. Cannabis farmers, manufacturer's processors and distributors shall not be subject to any special zoning requirements, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor of agricultural products.

9. Pursuant to the ninth and tenth amendments to the constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.
a. The state of Missouri will honor all legally obtained patients medical cards regardless of the state where issued and Missouri shall become reciprocity with all legal states where Cannabis is considered legalized by law for medical or recreational use.
b. Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians or Veterinarian's; No physician or Veterinarian shall be subject to any professional license review or hearing as a result of recommending or approving medical cannabis therapy.
c. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis, hemp or any derivatives or parts thereof.

10. All provisions of this section are self-executing and serviceable. Except where otherwise indicated in the text of this document this constitutional amendment shall supersede any and all conflicting city, county, state or federal statutory, local charter, ordinance or resolution and shall be implemented no later than January 31st, following the election that placed this initiative before the people of Missouri.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-134)

Subject

Initiative petition from Kristen Gilio regarding a proposed constitutional amendment to Article IV. (Received January 24, 2017)

Date

February 14, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Veterans Commission, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated among other provisions, this proposal could require their office to develop and issue an order providing for the destruction of "all cannabis related nonviolent civil and criminal records in Missouri." Moreover, the proposal purports to supersede federal law.

They expect that the enactment of this proposal would result in increased litigation. They assume they could absorb costs associated with the increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** estimated increased operating costs of $0 in fiscal year 2018, unknown>$99,045 in fiscal year 2019, and unknown>$169,098 in fiscal year 2020.

Section 192.945, RSMo, allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for both medical and recreational purposes. Therefore, persons with intractable epilepsy would not need to apply for a hemp extract registration card in order to legally use the CBD oil.

They expect rental space for two staff located in Jefferson City would be required: 2 staff x 230 sq.ft./FTE x $21.00 = $9,660.

They indicated retail marijuana, cultivation facilities, products manufacturer, and testing facilities may be established as small businesses.

Division of Community and Public Health (DCPH)

This proposal does not require them to issue any licenses or conduct inspections to ensure the safety of marijuana infused food products. However, sections 196.010 through 196.298, RSMo, gives them responsibility for the regulation of food to include such duties as ensuring food safety, sanitation, and proper labeling, etc. Therefore, they would have responsibility to assure that facilities manufacturing foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

Division of Community and Public Health (DCPH)

Due to the broad parameters of this proposal, it is difficult to determine how many food manufacturing facilities would be established. States which have legalized retail marijuana have seen a significant demand for edible marijuana products. For the purposes of this fiscal note, they estimate that at least 300 food manufacturing facilities would be established as a result of this proposal. In order to properly inspect these manufacturing facilities, DCPH would require a minimum of two Environmental Public Health Specialist IV staff (A27, $44,352, Step G). This law shall be implemented no later than January 31 following the November 2018 election. Therefore, DCPH assumes that the two Environmental Public Health Specialist IV positions would begin January 1, 2019.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $7,178,073 in fiscal year 2019 (7 months), $7,511,746 in fiscal year 2020, $10,011,383 in fiscal year 2021, $10,741,186 in fiscal year 2022 and thereafter.

Legalizing the possession and use of marijuana would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY17 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will no discharges from expungement but the reduction in the prison population will increase to 214. The field reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $7,178,073 and will be $10,741,186 after the 4th year.

If marijuana usage becomes legal it could impact the safety and security of our prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of our prisons.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety, Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Public Safety, Division of Missouri State Highway Patrol** indicated they expect increased operating costs of $426,236 for the first year implemented, $487,384 for the second year implemented, and $492,597 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

Criminal Justice Information Services Division
The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094
RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Divison

Currently, there are 86,600 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest and arrest/disposition records pertaining to individuals the age of 21 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only ten percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require 4 FTE's. However, if a large number of these expungements were to be granted with even four FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 35 FTE's to complete this task in approximately one year.

The addition of 35 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 86,600 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

10% = 86,600 x .10 = 8,660 / 2,485 = 4 FTE's
50% = 86,600 x .50 = 43,300 / 2,485 = 17 FTE's
100% = 86,600 / 2,485 = 35 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing ten percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

4 Quality Control Clerks ($1,015 x 24)	$97,440
Equipment/Office Furniture	$6,094

RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require the Highway Patrol to rent office space for 4 FTE's to process the expungement requests. The Office of Administration states that 920 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft
Utility Costs	$2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. The definition of a “non-violent cannabis-only offense” needs to be added. It is unclear if individuals with the aforementioned conviction records are required to abide by the expungement process mandated by various other state statutes. Does the individual just complete and file a document with a circuit clerk and the record is

expunged or does the "court," whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?

The Highway Patrol has concerns with number 7 which states, "No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution."

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Changes to Missouri's state driving laws could impact some federal commercial drivers' license laws.
Failure to comply with 49 C.F.R. 384.225 & 384.226 could result in a withholding of Missouri's federal-aid highway funds apportioned to it under each of Title 23, United States Code (U.S.C.), sections 104(b)(1), (b)(3), and (b)(4). The federal funds impacted consist of national highway performance program funds, highway safety improvement program funds and congestion mitigation and air quality improvement funds. The withholding amount would be 4 percent for the first year of non-compliance and 8 percent for the second and subsequent years.

Officials from the **Office of Administration** (OA) indicated:

Under this proposal:

- Cannabis and cannabis hemp would be removed from the list of scheduled drugs
- Possessing, cultivating, harvesting and distributing cannabis for personal or medical use would be decriminalized. Anyone under age 21 may have access only for medical marijuana with a doctor's recommendation or parental/guardian supervision.
- Cannabis shall be available to all patients regardless of age, race or gender without taxation when recommended by a physician as a medicine.
- The use or possession of cannabis is not grounds alone for a Driving Under the Influence infraction.
- All prisoners who have been incarcerated for nonviolent cannabis-related crimes shall be immediately released and all charges for cannabis crimes expunged.
- No state or federal personnel or funds shall be used to enforce federal laws which are no longer illegal in Missouri under this amendment.

- Missouri will have reciprocity with any other states where cannabis is legalized by law for medical or recreational use.
- Language is included to state that the people of Missouri repudiate and challenge federal cannabis prohibitions that conflict with this proposal.
- Effective date is no later than January 31st following the election.
- Provisions are severable.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated:

The proposed initiative petition, 18-134, would create a new section of the Missouri Constitution to be known as Article IV, section 54. This section would allow citizens over the age of twenty-one to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to 2015 for Associate case types is 10,982. We are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund

Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund

Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	

Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri
Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes they contract all conflicts to private attorneys, which they are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated their local government estimates the fiscal impact of the above-referenced constitutional amendment for fiscal years 2018, 2019 and 2020 to be as follows:
(reminder: 2018 will likely be a portion of a fiscal year, depending on effective date of amendment)

Revenues: (explain amount per fiscal year and source or reason for increase)
This constitutional amendment will have no fiscal impact on their city.

Savings: (explain amount per fiscal year, reason for savings and area where savings will occur)
This constitutional amendment will have no fiscal impact on their city.

Costs:(explain what type of costs will be incurred, amount per fiscal year and reason)
This constitutional amendment will have no fiscal impact on their city.

Losses:(explain why revenue losses would be expected and amount per fiscal year)
This constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition would not have a fiscal impact on their local government.

Officials from the **Missouri Veterans Commission** indicated they defer fiscal impact to the Department of Revenue/Tax. They are pleased to receive any funding which appropriately comes to them to support the Veterans Programs currently administered by the Commission.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will not have a fiscal impact on their university.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,**

the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

This proposal is estimated to result in annual state savings of $11 million. Additional state operating costs resulting from this proposal are estimated at $700,000 annually. Local law enforcement costs could also increase.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 24, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

STATE AUDITOR'S OFFICE
RECEIVED
JAN 24 2017
RECEIVED

RE: Petition approval request from Kristen Gilio regarding a proposed constitutional amendment to Article IV, version 1 (2018-133)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Kristen Gilio on January 23, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2. RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of Imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or Village in which I live are correctly written after my name.

OFFICIAL BALLOT TITLE AS CERTIFIED
BY
SECRETARY OF STATE

RECEIVED
JAN 23 2017
MO. SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'5 AFFIDAVIT STATE OF MISSOURI, COUNTY OF_____

I,_____being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town, Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence: I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and_____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do _____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer_____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant

Subscribed and sworn to before me, this_____day of_____, A.D. _____

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires_____

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1,577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1.Cannabis aka marijuana and cannabis hemp shall immediately be removed from Missouri's list of controlled substances and shall no longer be listed among Missouri's drugs schedules.

2. Definitions of terms used in this Act: cannabis and cannabis hemp refer to cannabis marijuana, cannabis sativa, cannabis indica, cannabis ruderalis or any variety of cannabis including any derivative, concentrate, extract, flower leaf particle preparation resin root salt seed stalk stem or any product thereof.
a. Medical cannabis refers to Physician or Veterinarian written recommended use of cannabis or any form of cannabis derivative, concentrate, extract, flower, stem, stalk, root, leaf, or any Cannabis product thereof.
b. Personal aka recreational use refers to any cannabis products use not recommended by Physician's or Veterinarian's
c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging or storing of cannabis or hemp or for ingesting, inhaling, vaporizing smoking or otherwise introducing cannabis into or onto the human body with any vehicle or what could be construed as a dangerous device.
d. Establishment refers to cannabis cultivating facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares manufactures packages transports or sells cannabis or hemp products or accessories.

3. Minors refers to anyone under the age of 21
a. Cannabis or its products shall not be sold to anyone under the age of 21.
b. Anyone under the age of 21 shall have legal access to cannabis through a physician's written recommendation, and parental supervision or a legal guardian for medical conditions or diseases that cannabis might help with.

4. The following acts are not unlawful and shall not be an offense under these revised Missouri law's
a. Possession or cultivation of cannabis for personal or medical use in an area sufficient to produce the quantity necessary to address one's personal or medical needs
b. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display, or possessing of any non-toxic food or food product.
c. Providing cannabis, aka marijuana and or any part of the cannabis plant thereof to be sold to the public must be tested by an accredited testing facility and all packaging labeled accordingly to reflect said testing.
d. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs a through d of this section

5. Patient's rights: cannabis shall be available to all patients regardless of age, race or gender without taxation when recommended by a physician as a medicine.
a. All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means.

6. All prisoners that have been found guilty in a Missouri Court off a nonviolent cannabis related crime shall immediately be released and all charges for non-violent cannabis crimes shall be expunged from their records.
a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related nonviolent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7. No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution.
a. Any person who impedes the lawful exercise of these provisions is guilty of a class A misdemeanor and is subject to all penalties or fines thereof.
b. An additional 5% tax will be added to all personal / recreational sales of Cannabis not to include any Hemp or Hemp by products sold within the boundaries of Missouri in addition to any established state, county or city sales tax already set in place to be collected by the State of Missouri Sales Taxation Division. The 5% additional sales tax monies collected will be collected by the State of Missouri Sales Taxation Division, divided and distributed as directed in this paragraph on a quarterly basis as follows, 2.5% will go to Missouri Public Schools that teach Preschool or K through 12 grade or any combination of aforementioned . The remaining 2.5% will be directed to the Missouri Veterans Commission to help with housing, clothing, food and medical needs for our multitude of Missouri veterans.

8. Cannabis farmers, manufacturer's processors and distributors shall not be subject to any special zoning requirements, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor of agricultural products.

9. Pursuant to the ninth and tenth amendments to the constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.
a. The state of Missouri will honor all legally obtained patients medical cards regardless of the state where issued and Missouri shall become reciprocity with all legal states where Cannabis is considered legalized by law for medical or recreational use.
b. Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians or Veterinarian's; No physician or Veterinarian shall be subject to any professional license review or hearing as a result of recommending or approving medical cannabis therapy.
c. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis, hemp or any derivatives or parts thereof.

10. All provisions of this section are self-executing and serviceable. Except where otherwise indicated in the text of this document this constitutional amendment shall supersede any and all conflicting city, county, state or federal statutory, local charter, ordinance or resolution and shall be implemented no later than January 31st, following the election that placed this initiative before the people of Missouri.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-133)

Subject

Initiative petition from Kristen Gilio regarding a proposed constitutional amendment to Article IV. (Received January 24, 2017)

Date

February 14, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Veterans Commission, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated among other provisions, this proposal could require their office to develop and issue an order providing for the destruction of "all cannabis related nonviolent civil and criminal records in Missouri." Moreover, the proposal purports to supersede federal law.

They expect that the enactment of this proposal would result in increased litigation. They assume they could absorb costs associated with the increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** estimated increased operating costs of $0 in fiscal year 2018, unknown>$99,045 in fiscal year 2019, and unknown>$169,098 in fiscal year 2020.

Section 192.945, RSMo, allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for both medical and recreational purposes. Therefore, persons with intractable epilepsy would not need to apply for a hemp extract registration card in order to legally use the CBD oil.

They expect rental space for two staff located in Jefferson City would be required: 2 staff x 230 sq.ft./FTE x $21.00 = $9,660.

They indicated retail marijuana, cultivation facilities, products manufacturer, and testing facilities may be established as small businesses.

A five percent tax will be added to all personal/recreational sales of cannabis. The tax will be collected the State of Missouri Sales Taxation Division. The tax collected is to be directed to Missouri Public Schools and to the Missouri Veterans Commission.

Division of Community and Public Health (DCPH)

This proposal does not require them to issue any licenses or conduct inspections to ensure the safety of marijuana infused food products. However, sections 196.010 through

196.298, RSMo, gives them responsibility for the regulation of food to include such duties as ensuring food safety, sanitation, and proper labeling, etc. Therefore, they would have responsibility to assure that facilities manufacturing foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

Division of Community and Public Health (DCPH)

Due to the broad parameters of this proposal, it is difficult to determine how many food manufacturing facilities would be established. States which have legalized retail marijuana have seen a significant demand for edible marijuana products. For the purposes of this fiscal note, they estimate that at least 300 food manufacturing facilities would be established as a result of this proposal. In order to properly inspect these manufacturing facilities, DCPH would require a minimum of two Environmental Public Health Specialist IV staff (A27, $44,352, Step G). This law shall be implemented no later than January 31 following the November 2018 election. Therefore, DCPH assumes that the two Environmental Public Health Specialist IV positions would begin January 1, 2019.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $7,178,073 in fiscal year 2019 (7 months), $7,511,746 in fiscal year 2020, $10,011,383 in fiscal year 2021, $10,741,186 in fiscal year 2022 and thereafter.

Legalizing the possession and use of marijuana would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY17 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that

legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will no discharges from expungement but the reduction in the prison population will increase to 214. The field reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $7,178,073 and will be $10,741,186 after the 4th year.

If marijuana usage becomes legal it could impact the safety and security of our prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of our prisons.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated total fund costs for General Revenue will be $150,012 for fiscal year 2018, $30,752 for fiscal year 2019, and $31,521 for fiscal year 2020.

This petition opens up the possibility of additional business opportunities in cannabis farming, manufacturing, and distribution of products.

Fiscal Note	IP 18-133			ITSD - DOR	
Bill Number	IP 18-133				
Will a new system be required?			X Yes		No
Indicate fiscal year when fully implemented				FY 2018	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected				**FY 2018**	**FY 2019**	**FY 2020**
General Revenue				150,012	30,752	31,521
Other				-	-	-
Federal Funds				-	-	-
Total				150,012	30,752	31,521
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.						
Bill Section(s)	amends article IV					
				FY 2018	FY 2019	FY 2020
New Tax System	Rate	Hours		$	$	$
IT Consultants	75	2,000.16		150,012	30,752	31,521
Section Total Expenditures:				150,012	30,752	31,521
Section Funding:			General Revenue	150,012	30,752	31,521
			Federal	-	-	-
			Other	-	-	-
			Total	150,012	30,752	31,521

This would create an unknown positive impact on Total State Revenue.

This petition increases state revenues by an unknown amount.

The provisions of section 7b add an additional five percent tax to all personal/recreational sales of cannabis not including hemp or hemp by-products sold in Missouri. This tax is in addition to any state, county, or city sales taxes already in place. This section also requires the division and distribution of these collections on a quarterly basis to Missouri public schools and the Missouri Veterans' Administration.

This Article states that the tax is to be collected by the State of Missouri Sales Tax Division. There is no State of Missouri Sales Tax Division and their department assumes that the taxpayer will remit the tax to their department. Because there are no enforcement provisions, it may be difficult for their department to enforce the collection of the

additional tax under current sales tax statutes. Their department will not be able to make refunds to taxpayers as the article is currently drafted.

Administrative Impact:

Business Tax Processing:
Although the legislation bases the additional five percent tax on retail sales, it is in addition to and separate from state, county, or city sales tax, and must therefore be reported and deposited separately.

If this money needs to remain in a non-state account, either it would need to stay in the sales suspense holding account until distribution, or new bank accounts would need to be established for each.

ITSD-DOR:

ITSD - DOR				TOTAL HOURS:	2,000		
Bill Number	IP 18-133	FN #	IP 18-133				
Bill Section(s)	amends article IV						
Application Name:	New Tax System				**FY 2018**	**FY 2019**	**FY 2020**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	192	14,400	-	-
Analysis			75	96	7,200	-	-
Design			75	96	7,200	-	-
Development			75	1,236	92,700	-	-
Test			75	192	14,400	-	-
Implementation			75	40	3,000	-	-
Project Management			75	148.16	11,112	-	-
On-going support		Yes	75		-	30,752	31,521
Section Total IT Consultants:			75	2,000.16	150,012	30,752	31,521
Section Total Expenditures:					150,012	30,752	31,521
General Revenue					150,012	30,752	31,521
Federal					-	-	-
Other							
Section Funding:					150,012	30,752	31,521

Officials from the **Department of Public Safety, Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Public Safety, Division of Missouri State Highway Patrol** indicated they expect increased operating costs of $426,236 for the first year implemented, $487,384 for the second year implemented, and $492,597 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

Criminal Justice Information Services Division
The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094

RECURRING COSTS

Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Divison

Currently, there are 86,600 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest and arrest/disposition records pertaining to individuals the age of 21 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only ten percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require 4 FTE's. However, if a large number of these expungements were to be granted with even four FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 35 FTE's to complete this task in approximately one year.

The addition of 35 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 86,600 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

10% = 86,600 x .10 = 8,660 / 2,485 = 4 FTE's
50% = 86,600 x .50 = 43,300 / 2,485 = 17 FTE's
100% = 86,600 / 2,485 = 35 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing ten percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

4 Quality Control Clerks ($1,015 x 24)	$97,440
Equipment/Office Furniture	$6,094

RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require the Highway Patrol to rent office space for 4 FTE's to process the expungement requests. The Office of Administration states that 920 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft
Utility Costs	$2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other entities, and for the payment of such requests. There is hereby established by the treasurer

of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. The definition of a "non-violent cannabis-only offense" needs to be added. It is unclear if individuals with the aforementioned conviction records are required to abide by the expungement process mandated by various other state statutes. Does the individual just complete and file a document with a circuit clerk and the record is expunged or does the "court," whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?

The Highway Patrol has concerns with number 7 which states, "No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution."

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.
Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no impact.

Officials from the **Office of Administration** (OA) indicated:

Section 54 of Article IV would allow the medical and recreational use of marijuana and hemp, as well as the cultivation, production, transportation and retail sale of marijuana

and hemp and their related products. Subsection 3 allows the sale of marijuana to individuals under the age of 21 only with physician or parental permission. Subsection 6 requires that all prisoners that have been convicted in Missouri of a nonviolent cannabis related crime shall be immediately released and all related charges shall be expunged from their records. Subsection 7 creates an excise tax of five percent on all retail sales of marijuana, in addition to any established state or local sales taxes. The revenue shall be deposited to the credit of general revenue with the provision that 2.5 percent be distributed to elementary and secondary public education schools and 2.5 percent be distributed to the Missouri Veterans' Commission. Subsection 5, however, allows all medical marijuana users, with recommendation by a physician, to purchase cannabis without taxation. Subsection 10 provides that the provisions in the amendment take effect no later than January 31st, following the election that placed the initiative before the people of Missouri.

B&P estimates that subsection 7 of this initiative petition could increase TSR by as much as $17.2M and GR by as much as $16.5M once fully implemented in FY 2021. The Substance Abuse and Mental Health Services Administration (SAMHSA) reports that 9.95% of Missouri population age 18 and older use marijuana. For the purposes of this analysis, B&P assumes the same percentage for marijuana users over the age of 21. The U.S. Census (2010) reports the population of Missouri residents over the age of 21 as 4,300,988 people. Multiplying the percentage of Missouri residents who use marijuana by the population of Missouri residents over the age of 21 gives an estimate of the number of Missouri residents who use marijuana:

	4,300,988	(MO residents over the age of 21)
X	9.95%	(% of MO residents who use marijuana)
	427,948	(MO residents who use marijuana)

However, B&P estimates that of those who use marijuana, roughly 65,000 would be medical users. SAMHSA reports that the total number of U.S. population age 18 and older use marijuana is 27,169,000 people. B&P assumes dividing the number of MO residents who use marijuana by the U.S. population that uses marijuana will provide an estimate of the percentage of the U.S. market that is attributable to Missouri.

	427,948	(MO residents who use marijuana)
÷	27,169,000	(Number of U.S. marijuana users)
	1.58%	(% U.S. market that is attributable to MO)

Using the estimate above for medical users, of that 1.58 percent approximately 0.24% could be considered medical. Therefore, B&P estimates that the size of the U.S. market that is attributable to Missouri, less medical marijuana users, is 1.33 percent. Using an established estimate[1] for the U.S. market of $14.0B and multiplying by the percentage of the U.S. market that is attributable to Missouri, B&P estimates that Missouri's marijuana market, less medical marijuana use, could be worth $186.7M. Assuming Missouri's marijuana market is worth $186.7M, an excise tax of five percent could increase TSR and GR by as much as $9.3M once fully implemented. Table 1 shows a breakdown of revenue increases by tax type.

Table 1: Revenue Generated by Marijuana Taxes

Tax	FY 2020 (5 months)	Fully Implemented (FY 2021)
Sales Tax		
General Revenue	3,002,000	7,206,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
Marijuana Excise Tax		
General Revenue	3,890,000	9,337,000
Total General Revenue		

[1] http://scholar.harvard.edu/files/miron/files/budget_2010_final_0.pdf

	6,893,000	16,543,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
TSR	7,178,000	17,228,000

Officials from the **Office of State Courts Administrator** indicated:

The proposed initiative petition, 18-133, would create a new section of the Missouri Constitution to be known as Article IV, section 54. This section would allow citizens over the age of twenty-one to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to 2015 for Associate case types is 10,982. We are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund	$7.50	State of Missouri - Crime Victims' Compensation Fund

surcharge		
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund

DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund

Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri
Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the

full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes they contract all conflicts to private attorneys, which they are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much

money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated their local government estimates the fiscal impact of the above-referenced constitutional amendment for fiscal years 2018, 2019 and 2020 to be as follows:
(reminder: 2018 will likely be a portion of a fiscal year, depending on effective date of amendment)

Revenues: (explain amount per fiscal year and source or reason for increase)
This constitutional amendment will have no fiscal impact on their city.

Savings: (explain amount per fiscal year, reason for savings and area where savings will occur)
This constitutional amendment will have no fiscal impact on their city.

Costs:(explain what type of costs will be incurred, amount per fiscal year and reason)
This constitutional amendment will have no fiscal impact on their city.

Losses:(explain why revenue losses would be expected and amount per fiscal year)
This constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition should not have a fiscal impact on their local government.

Officials from the **Missouri Veterans Commission** indicated they defer fiscal impact to the Department of Revenue/Tax. They are pleased to receive any funding which appropriately comes to them to support the Veterans Programs currently administered by the Commission.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will not have a fiscal impact on their university.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,**

the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

This proposal is estimated to increase annual state tax revenues by $17 million when fully implemented with additional estimated annual state savings of $11 million. State implementation costs are estimated at $150,000 with annual operating costs estimated at $700,000. Local law enforcement costs could increase.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 24, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

STATE AUDITOR'S OFFICE
RECEIVED
JAN 24 2017
RECEIVED

RE: Petition approval request from Timothy Gilio regarding a proposed constitutional amendment to Article IV, version 5 (2018-132)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Timothy Gilio on January 23, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of Imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or Village in which I live are correctly written after my name.

OFFICIAL BALLOT TITLE AS CERTIFIED
BY
SECRETARY OF STATE

RECEIVED
JAN 23 2017
MO. SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF_____

I,_____being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town, Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence: I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and_____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do_____ do not_____ (check one) expect to be paid for circulating this petition. If paid, list the payer_____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

Subscribed and sworn to before me, this_____day of_____, A.D. _____

Notary Public (Seal)

My commission expires_____

_____
Address of Affiant

_____
Signature of Notary

_____
Address of Notary

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1,577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1.Cannabis aka marijuana and cannabis hemp shall immediately be removed from Missouri's list of controlled substances and shall no longer be listed among Missouri's drugs schedules.

2. Definitions of terms used in this Act: cannabis and cannabis hemp refer to cannabis marijuana, cannabis sativa, cannabis indica, cannabis ruderalis or any variety of cannabis including any derivative, concentrate, extract, flower leaf particle preparation resin root salt seed stalk stem or any product thereof.
a. Medical cannabis refers to Physician or Veterinarian written recommended use of cannabis or any form of cannabis derivative, concentrate, extract, flower, stem, stalk, root, leaf, or any Cannabis product thereof.
b. Personal aka recreational use refers to any cannabis products use not recommended by Physician's or Veterinarian's
c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging or storing of cannabis or hemp or for ingesting, inhaling, vaporizing smoking or otherwise introducing cannabis into or onto the human body with any vehicle or what could be construed as a dangerous device.
d. Establishment refers to cannabis cultivating facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares manufactures packages transports or sells cannabis or hemp products or accessories.

3. Minors refers to anyone under the age of 21
a. Cannabis or its products shall not be sold to anyone under the age of 21.
b. Anyone under the age of 21 shall have legal access to cannabis through a physician's written recommendation, or parental supervision or a legal guardian for medical conditions or diseases that cannabis might help with.

4. The following acts are not unlawful and shall not be an offense under these revised Missouri law's
a. Possession or cultivation of cannabis for personal or medical use in an area sufficient to produce the quantity necessary to address one's personal or medical needs
b. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display, or possessing of any non-toxic food or food product.
c. Providing cannabis, aka marijuana and or any part of the cannabis plant thereof to be sold to the public must be tested by an accredited testing facility and all packaging labeled accordingly to reflect said testing.
d. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs a through d of this section

5. Patient's rights: cannabis shall be available to all patients regardless of age, race or gender without taxation when recommended by a physician as a medicine.
a. All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means.

6. All prisoners that have been found guilty in a Missouri Court off a nonviolent cannabis related crime shall immediately be released and all charges for non-violent cannabis crimes shall be expunged from their records.
a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related nonviolent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7. No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution.
a. Any person who impedes the lawful exercise of these provisions is guilty of a class A misdemeanor and is subject to all penalties or fines thereof.
b. An additional 5% tax will be added to all personal / recreational sales of Cannabis not to include any Hemp or Hemp by products sold within the boundaries of Missouri in addition to any established state, county or city sales tax already set in place to be collected by the State of Missouri Sales Taxation Division. The 5% additional sales tax monies collected will be collected by the State of Missouri Sales Taxation Division, divided and distributed as directed in this paragraph on a quarterly basis as follows, 2.5% will go to Missouri Public Schools that teach Preschool or K through 12 grade or any combination of aforementioned . The remaining 2.5% will be directed to the Missouri Veterans Commission to help with housing, clothing, food and medical needs for our multitude of Missouri veterans.

8. Cannabis farmers, manufacturer's processors and distributors shall not be subject to any special zoning requirements, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor of agricultural products.

9. Pursuant to the ninth and tenth amendments to the constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.
a. The state of Missouri will honor all legally obtained patients medical cards regardless of the state where issued and Missouri shall become reciprocity with all legal states where Cannabis is considered legalized by law for medical or recreational use.
b. Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians or Veterinarian's; No physician or Veterinarian shall be subject to any professional license review or hearing as a result of recommending or approving medical cannabis therapy.
c. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis, hemp or any derivatives or parts thereof.

10. All provisions of this section are self-executing and serviceable. Except where otherwise indicated in the text of this document this constitutional amendment shall supersede any and all conflicting city, county, state or federal statutory, local charter, ordinance or resolution and shall be implemented no later than January 31st, following the election that placed this initiative before the people of Missouri.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-132)

Subject

Initiative petition from Timothy Gilio regarding a proposed constitutional amendment to Article IV. (Received January 24, 2017)

Date

February 14, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Veterans Commission, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated among other provisions, this proposal could require their office to develop and issue an order providing for the destruction of "all cannabis related nonviolent civil and criminal records in Missouri." Moreover, the proposal purports to supersede federal law.

They expect that the enactment of this proposal would result in increased litigation. They assume they could absorb costs associated with the increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** estimated increased operating costs of $0 in fiscal year 2018, unknown>$99,045 in fiscal year 2019, and unknown>$169,098 in fiscal year 2020.

Section 192.945, RSMo, allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for both medical and recreational purposes. Therefore, persons with intractable epilepsy would not need to apply for a hemp extract registration card in order to legally use the CBD oil.

They expect rental space for two staff located in Jefferson City would be required: 2 staff x 230 sq.ft./FTE x $21.00 = $9,660.

They indicated retail marijuana, cultivation facilities, products manufacturer, and testing facilities may be established as small businesses.

A five percent tax will be added to all personal/recreational sales of cannabis. The tax will be collected the State of Missouri Sales Taxation Division. The tax collected is to be directed to Missouri Public Schools and to the Missouri Veterans Commission.

Division of Community and Public Health (DCPH)

This proposal does not require them to issue any licenses or conduct inspections to ensure the safety of marijuana infused food products. However, sections 196.010 through

196.298, RSMo, gives them responsibility for the regulation of food to include such duties as ensuring food safety, sanitation, and proper labeling, etc. Therefore, they would have responsibility to assure that facilities manufacturing foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

Division of Community and Public Health (DCPH)

Due to the broad parameters of this proposal, it is difficult to determine how many food manufacturing facilities would be established. States which have legalized retail marijuana have seen a significant demand for edible marijuana products. For the purposes of this fiscal note, they estimate that at least 300 food manufacturing facilities would be established as a result of this proposal. In order to properly inspect these manufacturing facilities, DCPH would require a minimum of two Environmental Public Health Specialist IV staff (A27, $44,352, Step G). This law shall be implemented no later than January 31 following the November 2018 election. Therefore, DCPH assumes that the two Environmental Public Health Specialist IV positions would begin January 1, 2019.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $7,178,073 in fiscal year 2019 (7 months), $7,511,746 in fiscal year 2020, $10,011,383 in fiscal year 2021, $10,741,186 in fiscal year 2022 and thereafter.

Legalizing the possession and use of marijuana would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY17 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that

legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will no discharges from expungement but the reduction in the prison population will increase to 214. The field reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $7,178,073 and will be $10,741,186 after the 4th year.

If marijuana usage becomes legal it could impact the safety and security of our prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of our prisons.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated total fund costs for General Revenue will be $150,012 for fiscal year 2018, $30,752 for fiscal year 2019, and $31,521 for fiscal year 2020.

This petition opens up the possibility of additional business opportunities in cannabis farming, manufacturing, and distribution of products.

Fiscal Note	IP 18-132			ITSD - DOR	
Bill Number	IP 18-132				
Will a new system be required?			X Yes		No
Indicate fiscal year when fully implemented				FY 2018	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected				**FY 2018**	**FY 2019**	**FY 2020**
General Revenue				150,012	30,752	31,521
Other				-	-	-
Federal Funds				-	-	-
Total				150,012	30,752	31,521
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.						
Bill Section(s)	amends article IV					
				FY 2018	FY 2019	FY 2020
New Tax System	Rate	Hours		$	$	$
IT Consultants	75	2,000.16		150,012	30,752	31,521
Section Total Expenditures:				150,012	30,752	31,521
Section Funding:		General Revenue		150,012	30,752	31,521
		Federal		-	-	-
		Other		-	-	-
		Total		150,012	30,752	31,521

This would create an unknown positive impact on Total State Revenue.

This petition increases state revenues by an unknown amount.

The provisions of section 7b add an additional five percent tax to all personal/recreational sales of cannabis not including hemp or hemp by-products sold in Missouri. This tax is in addition to any state, county, or city sales taxes already in place. This section also requires the division and distribution of these collections on a quarterly basis to Missouri public schools and the Missouri Veterans' Administration.

This Article states that the tax is to be collected by the State of Missouri Sales Tax Division. There is no State of Missouri Sales Tax Division and their department assumes that the taxpayer will remit the tax to their department. Because there are no enforcement provisions, it may be difficult for their department to enforce the collection of the

additional tax under current sales tax statutes. Their department will not be able to make refunds to taxpayers as the article is currently drafted.

Administrative Impact:

Business Tax Processing:
Although the legislation bases the additional five percent tax on retail sales, it is in addition to and separate from state, county, or city sales tax, and must therefore be reported and deposited separately.

If this money needs to remain in a non-state account, either it would need to stay in the sales suspense holding account until distribution, or new bank accounts would need to be established for each.

ITSD-DOR:

ITSD - DOR				TOTAL HOURS:	2,000		
Bill Number	IP 18-132	FN #	IP 18-132				
Bill Section(s)	amends article IV						
Application Name:	New Tax System				**FY 2018**	**FY 2019**	**FY 2020**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	192	14,400	-	-
Analysis			75	96	7,200	-	-
Design			75	96	7,200	-	-
Development			75	1,236	92,700	-	-
Test			75	192	14,400	-	-
Implementation			75	40	3,000	-	-
Project Management			75	148.16	11,112	-	-
On-going support		Yes	75		-	30,752	31,521
Section Total IT Consultants:			75	2,000.16	150,012	30,752	31,521
Section Total Expenditures:					150,012	30,752	31,521
General Revenue					150,012	30,752	31,521
Federal					-	-	-
Other							
Section Funding:					150,012	30,752	31,521

Officials from the **Department of Public Safety, Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Public Safety, Division of Missouri State Highway Patrol** indicated they expect increased operating costs of $426,236 for the first year implemented, $487,384 for the second year implemented, and $492,597 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

Criminal Justice Information Services Division
The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094

RECURRING COSTS

Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Divison

Currently, there are 86,600 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest and arrest/disposition records pertaining to individuals the age of 21 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only ten percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require 4 FTE's. However, if a large number of these expungements were to be granted with even four FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 35 FTE's to complete this task in approximately one year.

The addition of 35 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 86,600 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

10% = 86,600 x .10 = 8,660 / 2,485 = 4 FTE's
50% = 86,600 x .50 = 43,300 / 2,485 = 17 FTE's
100% = 86,600 / 2,485 = 35 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing ten percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

4 Quality Control Clerks ($1,015 x 24)	$97,440
Equipment/Office Furniture	$6,094

RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require the Highway Patrol to rent office space for 4 FTE's to process the expungement requests. The Office of Administration states that 920 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft
Utility Costs	$2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other entities, and for the payment of such requests. There is hereby established by the treasurer

of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. The definition of a "non-violent cannabis-only offense" needs to be added. It is unclear if individuals with the aforementioned conviction records are required to abide by the expungement process mandated by various other state statutes. Does the individual just complete and file a document with a circuit clerk and the record is expunged or does the "court," whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?

The Highway Patrol has concerns with number 7 which states, "No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution."

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no impact.

Officials from the **Office of Administration** (OA) indicated:

Section 54 of Article IV would allow the medical and recreational use of marijuana and hemp, as well as the cultivation, production, transportation and retail sale of marijuana and hemp and their related products. Subsection 3 allows the sale of marijuana to individuals under the age of 21 only with physician or parental permission. Subsection 6 requires that all prisoners that have been convicted in Missouri of a nonviolent cannabis related crime shall be immediately released and all related charges shall be expunged from their records. Subsection 7 creates an excise tax of five percent on all retail sales of marijuana, in addition to any established state or local sales taxes. The revenue shall be deposited to the credit of general revenue with the provision that 2.5 percent be distributed to elementary and secondary public education schools and 2.5 percent be distributed to the Missouri Veterans' Commission. Subsection 5, however, allows all medical marijuana users, with recommendation by a physician, to purchase cannabis without taxation. Subsection 10 provides that the provisions in the amendment take effect no later than January 31st, following the election that placed the initiative before the people of Missouri.

B&P estimates that subsection 7 of this initiative petition could increase TSR by as much as $17.2M and GR by as much as $16.5M once fully implemented in FY 2021. The Substance Abuse and Mental Health Services Administration (SAMHSA) reports that 9.95% of Missouri population age 18 and older use marijuana. For the purposes of this analysis, B&P assumes the same percentage for marijuana users over the age of 21. The U.S. Census (2010) reports the population of Missouri residents over the age of 21 as 4,300,988 people. Multiplying the percentage of Missouri residents who use marijuana by the population of Missouri residents over the age of 21 gives an estimate of the number of Missouri residents who use marijuana:

	4,300,988	(MO residents over the age of 21)
X	9.95%	(% of MO residents who use marijuana)
	427,948	(MO residents who use marijuana)

However, B&P estimates that of those who use marijuana, roughly 65,000 would be medical users. SAMHSA reports that the total number of U.S. population age 18 and older use marijuana is 27,169,000 people. B&P assumes dividing the number of MO residents who use marijuana by the U.S. population that uses marijuana will provide an estimate of the percentage of the U.S. market that is attributable to Missouri.

	427,948	(MO residents who use marijuana)
÷	27,169,000	(Number of U.S. marijuana users)
	1.58%	(% U.S. market that is attributable to MO)

Using the estimate above for medical users, of that 1.58 percent approximately 0.24% could be considered medical. Therefore, B&P estimates that the size of the U.S. market that is attributable to Missouri, less medical marijuana users, is 1.33 percent. Using an established estimate[1] for the U.S. market of $14.0B and multiplying by the percentage of the U.S. market that is attributable to Missouri, B&P estimates that Missouri's marijuana market, less medical marijuana use, could be worth $186.7M. Assuming Missouri's marijuana market is worth $186.7M, an excise tax of five percent could increase TSR and GR by as much as $9.3M once fully implemented. Table 1 shows a breakdown of revenue increases by tax type.

Table 1: Revenue Generated by Marijuana Taxes

Tax	FY 2020 (5 months)	Fully Implemented (FY 2021)
Sales Tax		
General Revenue	3,002,000	7,206,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
Marijuana Excise Tax		
General Revenue	3,890,000	9,337,000
Total		
General Revenue	6,893,000	16,543,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
TSR	7,178,000	17,228,000

[1] http://scholar.harvard.edu/files/miron/files/budget_2010_final_0.pdf

Officials from the **Office of State Courts Administrator** indicated:

The proposed initiative petition, 18-132, would create a new section of the Missouri Constitution to be known as Article IV, section 54. This section would allow citizens over the age of twenty-one to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to 2015 for Associate case types is 10,982. We are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund

Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund

Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri

Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes they contract all conflicts to private attorneys, which they are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated their local government estimates the fiscal impact of the above-referenced constitutional amendment for fiscal years 2018, 2019 and 2020 to be as follows:
(reminder: 2018 will likely be a portion of a fiscal year, depending on effective date of amendment)

Revenues: (explain amount per fiscal year and source or reason for increase)
This constitutional amendment will have no fiscal impact on their city.

Savings: (explain amount per fiscal year, reason for savings and area where savings will occur)
This constitutional amendment will have no fiscal impact on their city.

Costs:(explain what type of costs will be incurred, amount per fiscal year and reason)
This constitutional amendment will have no fiscal impact on their city.

Losses:(explain why revenue losses would be expected and amount per fiscal year)
This constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition will not have a fiscal impact on their local government.

Officials from the **Missouri Veterans Commission** indicated they defer fiscal impact to the Department of Revenue/Tax. They are pleased to receive any funding which appropriately comes to them to support the Veterans Programs currently administered by the Commission.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will not have a fiscal impact on their university.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,**

the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

This proposal is estimated to increase annual state tax revenues by $17 million when fully implemented with additional estimated annual state savings of $11 million. State implementation costs are estimated at $150,000 with annual operating costs estimated at $700,000. Local law enforcement costs could increase.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 24, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

STATE AUDITOR'S OFFICE
RECEIVED
JAN 24 2017
RECEIVED

RE: Petition approval request from Timothy Gilio regarding a proposed constitutional amendment to Article IV, version 4 (2018-131)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Timothy Gilio on January 23, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of Imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or Village in which I live are correctly written after my name.

OFFICIAL BALLOT TITLE AS CERTIFIED
BY
SECRETARY OF STATE

RECEIVED
JAN 23 2017
MO. SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF_____

I,_____being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town, Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence: I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and_____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do_____ do not_____ (check one) expect to be paid for circulating this petition. If paid, list the payer_____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant

Subscribed and sworn to before me, this_____day of_____, A.D. _____

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires_____

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1,577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1.Cannabis aka marijuana and cannabis hemp shall immediately be removed from Missouri's list of controlled substances and shall no longer be listed among Missouri's drugs schedules.

2. Definitions of terms used in this Act: cannabis and cannabis hemp refer to cannabis marijuana, cannabis sativa, cannabis indica, cannabis ruderalis or any variety of cannabis including any derivative, concentrate, extract, flower leaf particle preparation resin root salt seed stalk stem or any product thereof.
a. Medical cannabis refers to Physician or Veterinarian written recommended use of cannabis or any form of cannabis derivative, concentrate, extract, flower, stem, stalk, root, leaf, or any Cannabis product thereof.
b. Personal aka recreational use refers to any cannabis products use not recommended by Physician's or Veterinarian's
c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging or storing of cannabis or hemp or for ingesting, inhaling, vaporizing smoking or otherwise introducing cannabis into or onto the human body with any vehicle or what could be construed as a dangerous device.
d. Establishment refers to cannabis cultivating facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares manufactures packages transports or sells cannabis or hemp products or accessories.

3. Minors refers to anyone under the age of 21
a. Cannabis or its products shall not be sold to anyone under the age of 21.
b. Anyone under the age of 21 shall have legal access to cannabis through a physician's written recommendation, or parental supervision or a legal guardian for medical conditions or diseases that cannabis might help with.

4. The following acts are not unlawful and shall not be an offense under these revised Missouri law's
a. Possession or cultivation of cannabis for personal or medical use in an area sufficient to produce the quantity necessary to address one's personal or medical needs
b. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display, or possessing of any non-toxic food or food product.
c. Providing cannabis, aka marijuana and or any part of the cannabis plant thereof to be sold to the public must be tested by an accredited testing facility and all packaging labeled accordingly to reflect said testing.
d. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs a through e of this section
e. The use or possession of cannabis is not grounds alone for a "DUI" driving under the influence infraction

5. Patient's rights: cannabis shall be available to all patients regardless of age, race or gender without taxation when recommended by a physician as a medicine.
a. All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means.

6. All prisoners that have been found guilty in a Missouri Court off a nonviolent cannabis related crime shall immediately be released and all charges for non-violent cannabis crimes shall be expunged from their records.
a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related nonviolent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7. No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution.
a. Any person who impedes the lawful exercise of these provisions is guilty of a class A misdemeanor and is subject to all penalties or fines thereof.

8. Cannabis farmers, manufacturer's processors and distributors shall not be subject to any special zoning requirements, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor of agricultural products.

9. Pursuant to the ninth and tenth amendments to the constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.
a. The state of Missouri will honor all legally obtained patients medical cards regardless of the state where issued and Missouri shall become reciprocity with all legal states where Cannabis is considered legalized by law for medical or recreational use.
b. Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians or Veterinarian's; No physician or Veterinarian shall be subject to any professional license review or hearing as a result of recommending or approving medical cannabis therapy.
c. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis, hemp or any derivatives or parts thereof.

10. All provisions of this section are self-executing and serviceable. Except where otherwise indicated in the text of this document this constitutional amendment shall supersede any and all conflicting city, county, state or federal statutory, local charter, ordinance or resolution and shall be implemented no later than January 31st, following the election that placed this initiative before the people of Missouri.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-131)

Subject

Initiative petition from Timothy Gilio regarding a proposed constitutional amendment to Article IV. (Received January 24, 2017)

Date

February 14, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Veterans Commission, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated among other provisions, this proposal could require their office to develop and issue an order providing for the destruction of "all cannabis related nonviolent civil and criminal records in Missouri." Moreover, the proposal purports to supersede federal law.

They expect that the enactment of this proposal would result in increased litigation. They assume they could absorb costs associated with the increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** estimated increased operating costs of $0 in fiscal year 2018, unknown>$99,045 in fiscal year 2019, and unknown>$169,098 in fiscal year 2020.

Section 192.945, RSMo, allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for both medical and recreational purposes. Therefore, persons with intractable epilepsy would not need to apply for a hemp extract registration card in order to legally use the CBD oil.

They expect rental space for two staff located in Jefferson City would be required: 2 staff x 230 sq.ft./FTE x $21.00 = $9,660.

They indicated retail marijuana, cultivation facilities, products manufacturer, and testing facilities may be established as small businesses.

Division of Community and Public Health (DCPH)

This proposal does not require them to issue any licenses or conduct inspections to ensure the safety of marijuana infused food products. However, sections 196.010 through 196.298, RSMo, gives them responsibility for the regulation of food to include such duties as ensuring food safety, sanitation, and proper labeling, etc. Therefore, they would have responsibility to assure that facilities manufacturing foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

Division of Community and Public Health (DCPH)

Due to the broad parameters of this proposal, it is difficult to determine how many food manufacturing facilities would be established. States which have legalized retail marijuana have seen a significant demand for edible marijuana products. For the purposes of this fiscal note, they estimate that at least 300 food manufacturing facilities would be established as a result of this proposal. In order to properly inspect these manufacturing facilities, DCPH would require a minimum of two Environmental Public Health Specialist IV staff (A27, $44,352, Step G). This law shall be implemented no later than January 31 following the November 2018 election. Therefore, DCPH assumes that the two Environmental Public Health Specialist IV positions would begin January 1, 2019.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $7,178,073 in fiscal year 2019 (7 months), $7,511,746 in fiscal year 2020, $10,011,383 in fiscal year 2021, $10,741,186 in fiscal year 2022 and thereafter.

Legalizing the possession and use of marijuana would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY17 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will no discharges from expungement but the reduction in the prison population will increase to 214. The field reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $7,178,073 and will be $10,741,186 after the 4th year.

If marijuana usage becomes legal it could impact the safety and security of our prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of our prisons.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety, Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Public Safety, Division of Missouri State Highway Patrol** indicated they expect increased operating costs of $426,236 for the first year implemented, $487,384 for the second year implemented, and $492,597 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

Criminal Justice Information Services Division
The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094
RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Divison

Currently, there are 86,600 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest and arrest/disposition records pertaining to individuals the age of 21 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only ten percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require 4 FTE's. However, if a large number of these expungements were to be granted with even four FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 35 FTE's to complete this task in approximately one year.

The addition of 35 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 86,600 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

10% = 86,600 x .10 = 8,660 / 2,485 = 4 FTE's
50% = 86,600 x .50 = 43,300 / 2,485 = 17 FTE's
100% = 86,600 / 2,485 = 35 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing ten percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

4 Quality Control Clerks ($1,015 x 24)	$97,440
Equipment/Office Furniture	$6,094

RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require the Highway Patrol to rent office space for 4 FTE's to process the expungement requests. The Office of Administration states that 920 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft
Utility Costs	$2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. The definition of a “non-violent cannabis-only offense” needs to be added. It is unclear if individuals with the aforementioned conviction records are required to abide by the expungement process mandated by various other state statutes. Does the individual just complete and file a document with a circuit clerk and the record is

expunged or does the "court," whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?

The Highway Patrol has concerns with number 7 which states, "No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution."

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Changes to Missouri's state driving laws could impact some federal commercial drivers' license laws.

Failure to comply with 49 C.F.R. 384.225 & 384.226 could result in a withholding of Missouri's federal-aid highway funds apportioned to it under each of Title 23, United States Code (U.S.C.), sections 104(b)(1), (b)(3), and (b)(4). The federal funds impacted consist of national highway performance program funds, highway safety improvement program funds and congestion mitigation and air quality improvement funds. The withholding amount would be 4 percent for the first year of non-compliance and 8 percent for the second and subsequent years.

Officials from the **Office of Administration** (OA) indicated:

Under this proposal:

- Cannabis and cannabis hemp would be removed from the list of scheduled drugs
- Possessing, cultivating, harvesting and distributing cannabis for personal or medical use would be decriminalized. Anyone under age 21 may have access only for medical marijuana with a doctor's recommendation or parental/guardian supervision.
- Cannabis shall be available to all patients regardless of age, race or gender without taxation when recommended by a physician as a medicine.
- The use or possession of cannabis is not grounds alone for a Driving Under the Influence infraction.

- All prisoners who have been incarcerated for nonviolent cannabis-related crimes shall be immediately released and all charges for cannabis crimes expunged.
- No state or federal personnel or funds shall be used to enforce federal laws which are no longer illegal in Missouri under this amendment.
- Missouri will have reciprocity with any other states where cannabis is legalized by law for medical or recreational use.
- Language is included to state that the people of Missouri repudiate and challenge federal cannabis prohibitions that conflict with this proposal.
- Effective date is no later than January 31st following the election.
- Provisions are severable.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated:

The proposed initiative petition, 18-131, would create a new section of the Missouri Constitution to be known as Article IV, section 54. This section would allow citizens over the age of twenty-one to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to 2015 for Associate case types is 10,982. We are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund	$7.50	State of Missouri - Crime Victims' Compensation Fund

surcharge		
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund

DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund

Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri
Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the

full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes they contract all conflicts to private attorneys, which they are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much

money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
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October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated their local government estimates the fiscal impact of the above-referenced constitutional amendment for fiscal years 2018, 2019 and 2020 to be as follows:
(reminder: 2018 will likely be a portion of a fiscal year, depending on effective date of amendment)

Revenues: (explain amount per fiscal year and source or reason for increase)
This constitutional amendment will have no fiscal impact on their city.

Savings: (explain amount per fiscal year, reason for savings and area where savings will occur)
This constitutional amendment will have no fiscal impact on their city.

Costs:(explain what type of costs will be incurred, amount per fiscal year and reason)
This constitutional amendment will have no fiscal impact on their city.

Losses:(explain why revenue losses would be expected and amount per fiscal year)
This constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition should not have a fiscal impact on their local government.

Officials from the **Missouri Veterans Commission** indicated they defer fiscal impact to the Department of Revenue/Tax. They are pleased to receive any funding which appropriately comes to them to support the Veterans Programs currently administered by the Commission.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will not have a fiscal impact on their university.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,**

the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

This proposal is estimated to result in annual state savings of $11 million. Additional state operating costs resulting from this proposal are estimated at $700,000 annually. Local law enforcement costs could also increase.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 24, 2017

STATE AUDITOR'S OFFICE
RECEIVED
JAN 24 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Timothy Gilio regarding a proposed constitutional amendment to Article IV, version 3 (2018-130)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Timothy Gilio on January 23, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of Imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or Village in which I live are correctly written after my name.

OFFICIAL BALLOT TITLE AS CERTIFIED
BY
SECRETARY OF STATE

RECEIVED
JAN 23 2017
MO. SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF_____

I,_____being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town, Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence: I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and_____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do _____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer_____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant

Subscribed and sworn to before me, this_____day of_____, A.D. _____

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires_____

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1,577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1.Cannabis aka marijuana and cannabis hemp shall immediately be removed from Missouri's list of controlled substances and shall no longer be listed among Missouri's drugs schedules.

2. Definitions of terms used in this Act: cannabis and cannabis hemp refer to cannabis marijuana, cannabis sativa, cannabis indica, cannabis ruderalis or any variety of cannabis including any derivative, concentrate, extract, flower leaf particle preparation resin root salt seed stalk stem or any product thereof.
a. Medical cannabis refers to Physician or Veterinarian written recommended use of cannabis or any form of cannabis derivative, concentrate, extract, flower, stem, stalk, root, leaf, or any Cannabis product thereof.
b. Personal aka recreational use refers to any cannabis products use not recommended by Physician's or Veterinarian's
c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging or storing of cannabis or hemp or for ingesting, inhaling, vaporizing smoking or otherwise introducing cannabis into or onto the human body with any vehicle or what could be construed as a dangerous device.
d. Establishment refers to cannabis cultivating facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares manufactures packages transports or sells cannabis or hemp products or accessories.

3. Minors refers to anyone under the age of 21
a. Cannabis or its products shall not be sold to anyone under the age of 21.
b. Anyone under the age of 21 shall have legal access to cannabis through a physician's written recommendation, or parental supervision or a legal guardian for medical conditions or diseases that cannabis might help with.

4. The following acts are not unlawful and shall not be an offense under these revised Missouri law's
a. Possession or cultivation of cannabis for personal or medical use in an area sufficient to produce the quantity necessary to address one's personal or medical needs
b. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display, or possessing of any non-toxic food or food product.
c. Providing cannabis, aka marijuana and or any part of the cannabis plant thereof to be sold to the public must be tested by an accredited testing facility and all packaging labeled accordingly to reflect said testing.
d. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs a through e of this section
e. The use or possession of cannabis is not grounds alone for a "DUI" driving under the influence infraction

5. Patient's rights: cannabis shall be available to all patients regardless of age, race or gender without taxation when recommended by a physician as a medicine.
a. All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means.

6. All prisoners that have been found guilty in a Missouri Court off a nonviolent cannabis related crime shall immediately be released and all charges for non-violent cannabis crimes shall be expunged from their records.
a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related nonviolent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7. No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution.
a. Any person who impedes the lawful exercise of these provisions is guilty of a class A misdemeanor and is subject to all penalties or fines thereof.
b. An additional 5% tax will be added to all personal / recreational sales of Cannabis not to include any Hemp or Hemp by products sold within the boundaries of Missouri in addition to any established state, county or city sales tax already set in place to be collected by the State of Missouri Sales Taxation Division. The 5% additional sales tax monies collected will be collected by the State of Missouri Sales Taxation Division, divided and distributed as directed in this paragraph on a quarterly basis as follows, 2.5% will go to Missouri Public Schools that teach Preschool or K through 12 grade or any combination of aforementioned . The remaining 2.5% will be directed to the Missouri Veterans Commission to help with housing, clothing, food and medical needs for our multitude of Missouri veterans.

8. Cannabis farmers, manufacturer's processors and distributors shall not be subject to any special zoning requirements, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor of agricultural products.

9. Pursuant to the ninth and tenth amendments to the constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.
a. The state of Missouri will honor all legally obtained patients medical cards regardless of the state where issued and Missouri shall become reciprocity with all legal states where Cannabis is considered legalized by law for medical or recreational use.
b. Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians or Veterinarian's; No physician or Veterinarian shall be subject to any professional license review or hearing as a result of recommending or approving medical cannabis therapy.
c. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis, hemp or any derivatives or parts thereof.

10. All provisions of this section are self-executing and serviceable. Except where otherwise indicated in the text of this document this constitutional amendment shall supersede any and all conflicting city, county, state or federal statutory, local charter, ordinance or resolution and shall be implemented no later than January 31st, following the election that placed this initiative before the people of Missouri.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-130)

Subject

Initiative petition from Timothy Gilio regarding a proposed constitutional amendment to Article IV. (Received January 24, 2017)

Date

February 14, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Veterans Commission, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated among other provisions, this proposal could require their office to develop and issue an order providing for the destruction of "all cannabis related nonviolent civil and criminal records in Missouri." Moreover, the proposal purports to supersede federal law.

They expect that the enactment of this proposal would result in increased litigation. They assume they could absorb costs associated with the increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** estimated increased operating costs of $0 in fiscal year 2018, unknown>$99,045 in fiscal year 2019, and unknown>$169,098 in fiscal year 2020.

Section 192.945, RSMo, allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for both medical and recreational purposes. Therefore, persons with intractable epilepsy would not need to apply for a hemp extract registration card in order to legally use the CBD oil.

They expect rental space for two staff located in Jefferson City would be required: 2 staff x 230 sq.ft./FTE x $21.00 = $9,660.

They indicated retail marijuana, cultivation facilities, products manufacturer, and testing facilities may be established as small businesses.

A five percent tax will be added to all personal/recreational sales of cannabis. The tax will be collected the State of Missouri Sales Taxation Division. The tax collected is to be directed to Missouri Public Schools and to the Missouri Veterans Commission.

Division of Community and Public Health (DCPH)

This proposal does not require them to issue any licenses or conduct inspections to ensure the safety of marijuana infused food products. However, sections 196.010 through

196.298, RSMo, gives them responsibility for the regulation of food to include such duties as ensuring food safety, sanitation, and proper labeling, etc. Therefore, they would have responsibility to assure that facilities manufacturing foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

Division of Community and Public Health (DCPH)

Due to the broad parameters of this proposal, it is difficult to determine how many food manufacturing facilities would be established. States which have legalized retail marijuana have seen a significant demand for edible marijuana products. For the purposes of this fiscal note, they estimate that at least 300 food manufacturing facilities would be established as a result of this proposal. In order to properly inspect these manufacturing facilities, DCPH would require a minimum of two Environmental Public Health Specialist IV staff (A27, $44,352, Step G). This law shall be implemented no later than January 31 following the November 2018 election. Therefore, DCPH assumes that the two Environmental Public Health Specialist IV positions would begin January 1, 2019.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $7,178,073 in fiscal year 2019 (7 months), $7,511,746 in fiscal year 2020, $10,011,383 in fiscal year 2021, $10,741,186 in fiscal year 2022 and thereafter.

Legalizing the possession and use of marijuana would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY17 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that

legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will no discharges from expungement but the reduction in the prison population will increase to 214. The field reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $7,178,073 and will be $10,741,186 after the 4th year.

If marijuana usage becomes legal it could impact the safety and security of our prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of our prisons.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated total fund costs for General Revenue will be $150,012 for fiscal year 2018, $30,752 for fiscal year 2019, and $31,521 for fiscal year 2020.

This petition opens up the possibility of additional business opportunities in cannabis farming, manufacturing, and distribution of products.

Fiscal Note	IP 18-130			ITSD - DOR	
Bill Number	IP 18-130				
Will a new system be required?			X Yes		No
Indicate fiscal year when fully implemented				FY 2018	
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected				**FY 2018**	**FY 2019**	**FY 2020**
General Revenue				150,012	30,752	31,521
Other				-	-	-
Federal Funds				-	-	-
Total				150,012	30,752	31,521
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.						
Bill Section(s)	amends article IV					
				FY 2018	FY 2019	FY 2020
New Tax System	Rate	Hours		$	$	$
IT Consultants	75	2,000.16		150,012	30,752	31,521
Section Total Expenditures:				150,012	30,752	31,521
Section Funding:			General Revenue	150,012	30,752	31,521
			Federal	-	-	-
			Other	-	-	-
			Total	150,012	30,752	31,521

This would create an unknown positive impact on Total State Revenue.

This petition increases state revenues by an unknown amount.

The provisions of section 7b add an additional five percent tax to all personal/recreational sales of cannabis not including hemp or hemp by-products sold in Missouri. This tax is in addition to any state, county, or city sales taxes already in place. This section also requires the division and distribution of these collections on a quarterly basis to Missouri public schools and the Missouri Veterans' Administration.

This Article states that the tax is to be collected by the State of Missouri Sales Tax Division. There is no State of Missouri Sales Tax Division and their department assumes that the taxpayer will remit the tax to their department. Because there are no enforcement provisions, it may be difficult for their department to enforce the collection of the

additional tax under current sales tax statutes. Their department will not be able to make refunds to taxpayers as the article is currently drafted.

Administrative Impact:

Business Tax Processing:
Although the legislation bases the additional five percent tax on retail sales, it is in addition to and separate from state, county, or city sales tax, and must therefore be reported and deposited separately.

If this money needs to remain in a non-state account, either it would need to stay in the sales suspense holding account until distribution, or new bank accounts would need to be established for each.

ITSD-DOR:

ITSD - DOR				TOTAL HOURS:	2,000		
Bill Number	IP 18-130	FN #	IP 18-130				
Bill Section(s)	amends article IV						
Application Name:	New Tax System				**FY 2018**	**FY 2019**	**FY 2020**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	192	14,400	-	-
Analysis			75	96	7,200	-	-
Design			75	96	7,200	-	-
Development			75	1,236	92,700	-	-
Test			75	192	14,400	-	-
Implementation			75	40	3,000	-	-
Project Management			75	148.16	11,112	-	-
On-going support		Yes	75		-	30,752	31,521
Section Total IT Consultants:			75	2,000.16	150,012	30,752	31,521
Section Total Expenditures:					150,012	30,752	31,521
General Revenue					150,012	30,752	31,521
Federal					-	-	-
Other							
Section Funding:					150,012	30,752	31,521

Officials from the **Department of Public Safety, Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Public Safety, Division of Missouri State Highway Patrol** indicated they expect increased operating costs of $426,236 for the first year implemented, $487,384 for the second year implemented, and $492,597 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

Criminal Justice Information Services Division
The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094

RECURRING COSTS

Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Divison

Currently, there are 86,600 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest and arrest/disposition records pertaining to individuals the age of 21 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only ten percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require 4 FTE's. However, if a large number of these expungements were to be granted with even four FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 35 FTE's to complete this task in approximately one year.

The addition of 35 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 86,600 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

10% = 86,600 x .10 = 8,660 / 2,485 = 4 FTE's
50% = 86,600 x .50 = 43,300 / 2,485 = 17 FTE's
100% = 86,600 / 2,485 = 35 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing ten percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

4 Quality Control Clerks ($1,015 x 24)	$97,440
Equipment/Office Furniture	$6,094
RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require the Highway Patrol to rent office space for 4 FTE's to process the expungement requests. The Office of Administration states that 920 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft
Utility Costs	$2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund".

Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. The definition of a "non-violent cannabis-only offense" needs to be added. It is unclear if individuals with the aforementioned conviction records are required to abide by the expungement process mandated by various other state statutes. Does the individual just complete and file a document with a circuit clerk and the record is expunged or does the "court," whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?

The Highway Patrol has concerns with number 7 which states, "No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution."

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Changes to Missouri's state driving laws could impact some federal commercial drivers' license laws.

Failure to comply with 49 C.F.R. 384.225 & 384.226 could result in a withholding of Missouri's federal-aid highway funds apportioned to it under each of Title 23, United States Code (U.S.C.), sections 104(b)(1), (b)(3), and (b)(4). The federal funds impacted consist of national highway performance program funds, highway safety improvement program funds and congestion mitigation and air quality improvement funds. The withholding amount would be 4 percent for the first year of non-compliance and 8 percent for the second and subsequent years.

Officials from the **Office of Administration** (OA) indicated:

Section 54 of Article IV would allow the medical and recreational use of marijuana and hemp, as well as the cultivation, production, transportation and retail sale of marijuana and hemp and their related products. Subsection 3 allows the sale of marijuana to individuals under the age of 21 only with physician or parental permission. Subsection 6 requires that all prisoners that have been convicted in Missouri of a nonviolent cannabis related crime shall be immediately released and all related charges shall be expunged from their records. Subsection 7 creates an excise tax of five percent on all retail sales of marijuana, in addition to any established state or local sales taxes. The revenue shall be deposited to the credit of general revenue with the provision that 2.5 percent be distributed to elementary and secondary public education schools and 2.5 percent be distributed to the Missouri Commission. Subsection 5, however, allows all medical marijuana users, with recommendation by a physician, to purchase cannabis without taxation. Subsection 10 provides that the provisions in the amendment take effect no later than January 31st, following the election that placed the initiative before the people of Missouri.

B&P estimates that subsection 7 of this initiative petition could increase TSR by as much as $17.2M and GR by as much as $16.5M once fully implemented in FY 2021. The Substance Abuse and Mental Health Services Administration (SAMHSA) reports that 9.95% of Missouri population age 18 and older use marijuana. For the purposes of this analysis, B&P assumes the same percentage for marijuana users over the age of 21. The U.S. Census (2010) reports the population of Missouri residents over the age of 21 as 4,300,988 people. Multiplying the percentage of Missouri residents who use marijuana by the population of Missouri residents over the age of 21 gives an estimate of the number of Missouri residents who use marijuana:

	4,300,988	(MO residents over the age of 21)
X	9.95%	(% of MO residents who use marijuana)
	427,948	(MO residents who use marijuana)

However, B&P estimates that of those who use marijuana, roughly 65,000 would be medical users. SAMHSA reports that the total number of U.S. population age 18 and older use marijuana is 27,169,000 people. B&P assumes dividing the number of MO residents who use marijuana by the U.S. population that uses marijuana will provide an estimate of the percentage of the U.S. market that is attributable to Missouri.

	427,948	(MO residents who use marijuana)
÷	27,169,000	(Number of U.S. marijuana users)
	1.58%	(% U.S. market that is attributable to MO)

Using the estimate above for medical users, of that 1.58 percent approximately 0.24% could be considered medical. Therefore, B&P estimates that the size of the U.S. market that is attributable to Missouri, less medical marijuana users, is 1.33 percent. Using an established estimate[1] for the U.S. market of $14.0B and multiplying by the percentage of the U.S. market that is attributable to Missouri, B&P estimates that Missouri's marijuana market, less medical marijuana use, could be worth $186.7M. Assuming Missouri's marijuana market is worth $186.7M, an excise tax of five percent could increase TSR and GR by as much as $9.3M once fully implemented. Table 1 shows a breakdown of revenue increases by tax type.

Table 1: Revenue Generated by Marijuana Taxes

Tax	FY 2020 (5 months)	Fully Implemented (FY 2021)
Sales Tax		
General Revenue	3,002,000	7,206,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
Marijuana Excise Tax		
General Revenue	3,890,000	9,337,000

[1] http://scholar.harvard.edu/files/miron/files/budget_2010_final_0.pdf

Total		
General Revenue	6,893,000	16,543,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
TSR	7,178,000	17,228,000

Officials from the **Office of State Courts Administrator** indicated:

The proposed Initiative Petition, 18-130, would create a new section of the Missouri Constitution to be known as Article IV, section 54. This section would allow citizens over the age of twenty-one to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to 2015 for Associate case types is 10,982. We are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue

Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund	$7.50	State of Missouri - Crime Victims' Compensation Fund

surcharge		
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission	$1.00	State of Missouri - Peace Officer Standards & Training Fund

surcharge		
Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri
Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated

$2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards,* prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes they contract all conflicts to private attorneys, which they are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated their local government estimates the fiscal impact of the above-referenced constitutional amendment for fiscal years 2018, 2019 and 2020 to be as follows:
(reminder: 2018 will likely be a portion of a fiscal year, depending on effective date of amendment)

Revenues: (explain amount per fiscal year and source or reason for increase)
This constitutional amendment will have no fiscal impact on their city.

Savings: (explain amount per fiscal year, reason for savings and area where savings will occur)
This constitutional amendment will have no fiscal impact on their city.

Costs:(explain what type of costs will be incurred, amount per fiscal year and reason)
This constitutional amendment will have no fiscal impact on their city.

Losses:(explain why revenue losses would be expected and amount per fiscal year)
This constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition should not have a fiscal impact on their local government.

Officials from the **Missouri Veterans Commission** indicated they defer fiscal impact to the Department of Revenue/Tax. They are pleased to receive any funding which appropriately comes to them to support the Veterans Programs currently administered by the Commission.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will not have a fiscal impact on their university.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,**

the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

This proposal is estimated to increase annual state tax revenues by $17 million when fully implemented with additional estimated annual state savings of $11 million. State implementation costs are estimated at $150,000 with annual operating costs estimated at $700,000. Local law enforcement costs could increase.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 24, 2017

STATE AUDITOR'S OFFICE
RECEIVED
JAN 24 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Timothy Gilio regarding a proposed constitutional amendment to Article IV, version 2 (2018-129)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Timothy Gilio on January 23, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of Imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or Village in which I live are correctly written after my name.

OFFICIAL BALLOT TITLE AS CERTIFIED
BY
SECRETARY OF STATE

RECEIVED
JAN 23 2017
MO. SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF_____

I,_____being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town, Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence: I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and_____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do _____ do not _____ (check one) expect to be paid for circulating this petition. If paid, list the payer_____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant

Subscribed and sworn to before me, this_____day of_____, A.D. _____

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires_____

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1,577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1.Cannabis aka marijuana and cannabis hemp shall immediately be removed from Missouri's list of controlled substances and shall no longer be listed among Missouri's drugs schedules.

2. Definitions of terms used in this Act: cannabis and cannabis hemp refer to cannabis marijuana, cannabis sativa, cannabis indica, cannabis ruderalis or any variety of cannabis including any derivative, concentrate, extract, flower leaf particle preparation resin root salt seed stalk stem or any product thereof.
a. Medical cannabis refers to Physician or Veterinarian written recommended use of cannabis or any form of cannabis derivative, concentrate, extract, flower, stem, stalk, root, leaf, or any Cannabis product thereof.
b. Personal aka recreational use refers to any cannabis products use not recommended by Physician's or Veterinarian's
c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging or storing of cannabis or hemp or for ingesting, inhaling, vaporizing smoking or otherwise introducing cannabis into or onto the human body with any vehicle or what could be construed as a dangerous device.
d. Establishment refers to cannabis cultivating facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares manufactures packages transports or sells cannabis or hemp products or accessories.

3. Minors refers to anyone under the age of 21
a. Cannabis or its products shall not be sold to anyone under the age of 21.
b. Anyone under the age of 21 shall have legal access to cannabis through a physician's written recommendation, and parental supervision or a legal guardian for medical conditions or diseases that cannabis might help with.

4. The following acts are not unlawful and shall not be an offense under these revised Missouri law's
a. Possession or cultivation of cannabis for personal or medical use in an area sufficient to produce the quantity necessary to address one's personal or medical needs
b. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display, or possessing of any non-toxic food or food product.
c. Providing cannabis, aka marijuana and or any part of the cannabis plant thereof to be sold to the public must be tested by an accredited testing facility and all packaging labeled accordingly to reflect said testing.
d. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs a through e of this section
e. The use or possession of cannabis is not grounds alone for a "DUI" driving under the influence infraction

5. Patient's rights: cannabis shall be available to all patients regardless of age, race or gender without taxation when recommended by a physician as a medicine.
a. All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means.

6. All prisoners that have been found guilty in a Missouri Court off a nonviolent cannabis related crime shall immediately be released and all charges for non-violent cannabis crimes shall be expunged from their records.
a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related nonviolent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7. No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution.
a. Any person who impedes the lawful exercise of these provisions is guilty of a class A misdemeanor and is subject to all penalties or fines thereof.
b. An additional 5% tax will be added to all personal / recreational sales of Cannabis not to include any Hemp or Hemp by products sold within the boundaries of Missouri in addition to any established state, county or city sales tax already set in place to be collected by the State of Missouri Sales Taxation Division. The 5% additional sales tax monies collected will be collected by the State of Missouri Sales Taxation Division, divided and distributed as directed in this paragraph on a quarterly basis as follows, 2.5% will go to Missouri Public Schools that teach Preschool or K through 12th grade or any combination of aforementioned . The remaining 2.5% will be directed to the Missouri Veterans Commission to help with housing, clothing, food and medical needs for our multitude of Missouri veterans.

8. Cannabis farmers, manufacturer's processors and distributors shall not be subject to any special zoning requirements, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor of agricultural products.

9. Pursuant to the ninth and tenth amendments to the constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.
a. The state of Missouri will honor all legally obtained patients medical cards regardless of the state where issued and Missouri shall become reciprocity with all legal states where Cannabis is considered legalized by law for medical or recreational use.
b. Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians or Veterinarian's; No physician or Veterinarian shall be subject to any professional license review or hearing as a result of recommending or approving medical cannabis therapy.
c. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis, hemp or any derivatives or parts thereof.

10. All provisions of this section are self-executing and serviceable. Except where otherwise indicated in the text of this document this constitutional amendment shall supersede any and all conflicting city, county, state or federal statutory, local charter, ordinance or resolution and shall be implemented no later than January 31st, following the election that placed this initiative before the people of Missouri.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-129)

Subject

Initiative petition from Timothy Gilio regarding a proposed constitutional amendment to Article IV. (Received January 24, 2017)

Date

February 14, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Veterans Commission, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated among other provisions, this proposal could require their office to develop and issue an order providing for the destruction of "all cannabis related nonviolent civil and criminal records in Missouri." Moreover, the proposal purports to supersede federal law.

They expect that the enactment of this proposal would result in increased litigation. They assume they could absorb costs associated with the increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** estimated increased operating costs of $0 in fiscal year 2018, unknown>$99,045 in fiscal year 2019, and unknown>$169,098 in fiscal year 2020.

Section 192.945, RSMo, allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for both medical and recreational purposes. Therefore, persons with intractable epilepsy would not need to apply for a hemp extract registration card in order to legally use the CBD oil.

They expect rental space for two staff located in Jefferson City would be required: 2 staff x 230 sq.ft./FTE x $21.00 = $9,660.

They indicated retail marijuana, cultivation facilities, products manufacturer, and testing facilities may be established as small businesses.

A five percent tax will be added to all personal/recreational sales of cannabis. The tax will be collected the State of Missouri Sales Taxation Division. The tax collected is to be directed to Missouri Public Schools and to the Missouri Veterans Commission.

Division of Community and Public Health (DCPH)

This proposal does not require them to issue any licenses or conduct inspections to ensure the safety of marijuana infused food products. However, sections 196.010 through

196.298, RSMo, gives them responsibility for the regulation of food to include such duties as ensuring food safety, sanitation, and proper labeling, etc. Therefore, they would have responsibility to assure that facilities manufacturing foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

Division of Community and Public Health (DCPH)

Due to the broad parameters of this proposal, it is difficult to determine how many food manufacturing facilities would be established. States which have legalized retail marijuana have seen a significant demand for edible marijuana products. For the purposes of this fiscal note, they estimate that at least 300 food manufacturing facilities would be established as a result of this proposal. In order to properly inspect these manufacturing facilities, DCPH would require a minimum of two Environmental Public Health Specialist IV staff (A27, $44,352, Step G). This law shall be implemented no later than January 31 following the November 2018 election. Therefore, DCPH assumes that the two Environmental Public Health Specialist IV positions would begin January 1, 2019.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $7,178,073 in fiscal year 2019 (7 months), $7,511,746 in fiscal year 2020, $10,011,383 in fiscal year 2021, $10,741,186 in fiscal year 2022 and thereafter.

Legalizing the possession and use of marijuana would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY17 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that

legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will no discharges from expungement but the reduction in the prison population will increase to 214. The field reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $7,178,073 and will be $10,741,186 after the 4th year.

If marijuana usage becomes legal it could impact the safety and security of our prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of our prisons.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated total fund costs for General Revenue will be $150,012 for fiscal year 2018, $30,752 for fiscal year 2019, and $31,521 for fiscal year 2020.

This petition opens up the possibility of additional business opportunities in cannabis farming, manufacturing, and distribution of products.

Fiscal Note	IP 18-129			ITSD - DOR	
Bill Number	IP 18-129				
Will a new system be required?		X	Yes		No
Indicate fiscal year when fully implemented				FY 2018	

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	**FY 2018**	**FY 2019**	**FY 2020**
General Revenue	150,012	30,752	31,521
Other	-	-	-
Federal Funds	-	-	-
Total	150,012	30,752	31,521

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) amends article IV

			FY 2018	FY 2019	FY 2020
New Tax System	Rate	Hours	$	$	$
IT Consultants	75	2,000.16	150,012	30,752	31,521
Section Total Expenditures:			150,012	30,752	31,521
Section Funding:	General Revenue		150,012	30,752	31,521
	Federal		-	-	-
	Other		-	-	-
	Total		150,012	30,752	31,521

This would create an unknown positive impact on Total State Revenue.

This petition increases state revenues by an unknown amount.

The provisions of section 7b add an additional five percent tax to all personal/recreational sales of cannabis not including hemp or hemp by-products sold in Missouri. This tax is in addition to any state, county, or city sales taxes already in place. This section also requires the division and distribution of these collections on a quarterly basis to Missouri public schools and the Missouri Veterans' Administration.

This Article states that the tax is to be collected by the State of Missouri Sales Tax Division. There is no State of Missouri Sales Tax Division and their department assumes that the taxpayer will remit the tax to their department. Because there are no enforcement provisions, it may be difficult for their department to enforce the collection of the

additional tax under current sales tax statutes. Their department will not be able to make refunds to taxpayers as the article is currently drafted.

Administrative Impact:

Business Tax Processing:
Although the legislation bases the additional five percent tax on retail sales, it is in addition to and separate from state, county, or city sales tax, and must therefore be reported and deposited separately.

If this money needs to remain in a non-state account, either it would need to stay in the sales suspense holding account until distribution, or new bank accounts would need to be established for each.

ITSD-DOR:

ITSD - DOR				TOTAL HOURS:	2,000		
Bill Number	IP 18-129	FN #	IP 18-129				
Bill Section(s)	amends article IV						
Application Name:	New Tax System				**FY 2018**	**FY 2019**	**FY 2020**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	192	14,400	-	-
Analysis			75	96	7,200	-	-
Design			75	96	7,200	-	-
Development			75	1,236	92,700	-	-
Test			75	192	14,400	-	-
Implementation			75	40	3,000	-	-
Project Management			75	148.16	11,112	-	-
On-going support		Yes	75		-	30,752	31,521
Section Total IT Consultants:			75	2,000.16	150,012	30,752	31,521
Section Total Expenditures:					150,012	30,752	31,521
General Revenue					150,012	30,752	31,521
Federal					-	-	-
Other							
Section Funding:					150,012	30,752	31,521

Officials from the **Department of Public Safety, Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Public Safety, Division of Missouri State Highway Patrol** indicated they expect increased operating costs of $426,236 for the first year implemented, $487,384 for the second year implemented, and $492,597 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

Criminal Justice Information Services Division
The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094

RECURRING COSTS

Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Divison

Currently, there are 86,600 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest and arrest/disposition records pertaining to individuals the age of 21 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only ten percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require 4 FTE's. However, if a large number of these expungements were to be granted with even four FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 35 FTE's to complete this task in approximately one year.

The addition of 35 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 86,600 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

10% = 86,600 x .10 = 8,660 / 2,485 = 4 FTE's
50% = 86,600 x .50 = 43,300 / 2,485 = 17 FTE's
100% = 86,600 / 2,485 = 35 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing ten percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

4 Quality Control Clerks ($1,015 x 24)	$97,440
Equipment/Office Furniture	$6,094
RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require the Highway Patrol to rent office space for 4 FTE's to process the expungement requests. The Office of Administration states that 920 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft
Utility Costs	$2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund".

Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. The definition of a "non-violent cannabis-only offense" needs to be added. It is unclear if individuals with the aforementioned conviction records are required to abide by the expungement process mandated by various other state statutes. Does the individual just complete and file a document with a circuit clerk and the record is expunged or does the "court," whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?

The Highway Patrol has concerns with number 7 which states, "No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution."

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

Changes to Missouri's state driving laws could impact some federal commercial drivers' license laws.

Failure to comply with 49 C.F.R. 384.225 & 384.226 could result in a withholding of Missouri's federal-aid highway funds apportioned to it under each of Title 23, United States Code (U.S.C.), sections 104(b)(1), (b)(3), and (b)(4). The federal funds impacted consist of national highway performance program funds, highway safety improvement program funds and congestion mitigation and air quality improvement funds. The withholding amount would be 4 percent for the first year of non-compliance and 8 percent for the second and subsequent years.

Officials from the **Office of Administration** (OA) indicated:

Section 54 of Article IV would allow the medical and recreational use of marijuana and hemp, as well as the cultivation, production, transportation and retail sale of marijuana and hemp and their related products. Subsection 3 allows the sale of marijuana to individuals under the age of 21 only with physician or parental permission. Subsection 6 requires that all prisoners that have been convicted in Missouri of a nonviolent cannabis related crime shall be immediately released and all related charges shall be expunged from their records. Subsection 7 creates an excise tax of five percent on all retail sales of marijuana, in addition to any established state or local sales taxes. The revenue shall be deposited to the credit of general revenue with the provision that 2.5 percent be distributed to elementary and secondary public education schools and 2.5 percent be distributed to the Missouri Commission. Subsection 5, however, allows all medical marijuana users, with recommendation by a physician, to purchase cannabis without taxation. Subsection 10 provides that the provisions in the amendment take effect no later than January 31st, following the election that placed the initiative before the people of Missouri.

B&P estimates that subsection 7 of this initiative petition could increase TSR by as much as $17.2M and GR by as much as $16.5M once fully implemented in FY 2021. The Substance Abuse and Mental Health Services Administration (SAMHSA) reports that 9.95% of Missouri population age 18 and older use marijuana. For the purposes of this analysis, B&P assumes the same percentage for marijuana users over the age of 21. The U.S. Census (2010) reports the population of Missouri residents over the age of 21 as 4,300,988 people. Multiplying the percentage of Missouri residents who use marijuana by the population of Missouri residents over the age of 21 gives an estimate of the number of Missouri residents who use marijuana:

	4,300,988	(MO residents over the age of 21)
X	9.95%	(% of MO residents who use marijuana)
	427,948	(MO residents who use marijuana)

However, B&P estimates that of those who use marijuana, roughly 65,000 would be medical users. SAMHSA reports that the total number of U.S. population age 18 and older use marijuana is 27,169,000 people. B&P assumes dividing the number of MO residents who use marijuana by the U.S. population that uses marijuana will provide an estimate of the percentage of the U.S. market that is attributable to Missouri.

	427,948	(MO residents who use marijuana)
÷	27,169,000	(Number of U.S. marijuana users)
	1.58%	(% U.S. market that is attributable to MO)

Using the estimate above for medical users, of that 1.58 percent approximately 0.24% could be considered medical. Therefore, B&P estimates that the size of the U.S. market that is attributable to Missouri, less medical marijuana users, is 1.33 percent. Using an established estimate[1] for the U.S. market of $14.0B and multiplying by the percentage of the U.S. market that is attributable to Missouri, B&P estimates that Missouri's marijuana market, less medical marijuana use, could be worth $186.7M. Assuming Missouri's marijuana market is worth $186.7M, an excise tax of five percent could increase TSR and GR by as much as $9.3M once fully implemented. Table 1 shows a breakdown of revenue increases by tax type.

Table 1: Revenue Generated by Marijuana Taxes

Tax	**FY 2020 (5 months)**	**Fully Implemented (FY 2021)**
Sales Tax		
General Revenue	3,002,000	7,206,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
Marijuana Excise Tax		
General Revenue	3,890,000	9,337,000

[1] http://scholar.harvard.edu/files/miron/files/budget_2010_final_0.pdf

Total		
General Revenue	6,893,000	16,543,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
TSR	7,178,000	17,228,000

Officials from the **Office of State Courts Administrator** indicated:

The proposed Initiative Petition, 18-129, would create a new section of the Missouri Constitution to be known as Article IV, section 54. This section would allow citizens over the age of twenty-one to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to 2015 for Associate case types is 10,982. We are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue

Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund	$7.50	State of Missouri - Crime Victims' Compensation Fund

surcharge		
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission	$1.00	State of Missouri - Peace Officer Standards & Training Fund

surcharge		
Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri
Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated

$2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards,* prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes they contract all conflicts to private attorneys, which they are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated their local government estimates the fiscal impact of the above-referenced constitutional amendment for fiscal years 2018, 2019 and 2020 to be as follows:
(reminder: 2018 will likely be a portion of a fiscal year, depending on effective date of amendment)

Revenues: (explain amount per fiscal year and source or reason for increase)
This constitutional amendment will have no fiscal impact on their city.

Savings: (explain amount per fiscal year, reason for savings and area where savings will occur)
This constitutional amendment will have no fiscal impact on their city.

Costs:(explain what type of costs will be incurred, amount per fiscal year and reason)
This constitutional amendment will have no fiscal impact on their city.

Losses:(explain why revenue losses would be expected and amount per fiscal year)
This constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition will not have a fiscal impact on their local government.

Officials from the **Missouri Veterans Commission** indicated they defer fiscal impact to the Department of Revenue/Tax. They are pleased to receive any funding which appropriately comes to them to support the Veterans Programs currently administered by the Commission.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will not have a fiscal impact on their university.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,**

the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

This proposal is estimated to increase annual state tax revenues by $17 million when fully implemented with additional estimated annual state savings of $11 million. State implementation costs are estimated at $150,000 with annual operating costs estimated at $700,000. Local law enforcement costs could increase.

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 24, 2017

STATE AUDITOR'S OFFICE
RECEIVED
JAN 24 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Timothy Gilio regarding a proposed constitutional amendment to Article IV, version 1 (2018-128)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Timothy Gilio on January 23, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of Imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or Village in which I live are correctly written after my name.

OFFICIAL BALLOT TITLE AS CERTIFIED
BY
SECRETARY OF STATE

(Official Ballot Title)

RECEIVED
JAN 23 2017
MO. SECRETARY OF STATE

CIRCULATOR'5 AFFIDAVIT STATE OF MISSOURI, COUNTY OF_____

I,_____being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town, Village)	Zip Code	Cong. Dist.	NAME (Print or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence: I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and_____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do_____do not_____ (check one) expect to be paid for circulating this petition. If paid, list the payer_____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

Subscribed and sworn to before me, this_____day of_____, A.D. _____

Notary Public (Seal)

My commission expires_____

_____
Address of Affiant

_____
Signature of Notary

_____
Address of Notary

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1,577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1.Cannabis aka marijuana and cannabis hemp shall immediately be removed from Missouri's list of controlled substances and shall no longer be listed among Missouri's drugs schedules.

2. Definitions of terms used in this Act: cannabis and cannabis hemp refer to cannabis marijuana, cannabis sativa, cannabis indica, cannabis ruderalis or any variety of cannabis including any derivative, concentrate, extract, flower leaf particle preparation resin root salt seed stalk stem or any product thereof.
a. Medical cannabis refers to Physician or Veterinarian written recommended use of cannabis or any form of cannabis derivative, concentrate, extract, flower, stem, stalk, root, leaf, or any Cannabis product thereof.
b. Personal aka recreational use refers to any cannabis products use not recommended by Physician's or Veterinarian's
c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging or storing of cannabis or hemp or for ingesting, inhaling, vaporizing smoking or otherwise introducing cannabis into or onto the human body with any vehicle or what could be construed as a dangerous device.
d. Establishment refers to cannabis cultivating facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares manufactures packages transports or sells cannabis or hemp products or accessories.

3. Minors refers to anyone under the age of 21
a. Cannabis or its products shall not be sold to anyone under the age of 21.
b. Anyone under the age of 21 shall have legal access to cannabis through a physician's written recommendation, or parental supervision or a legal guardian for medical conditions or diseases that cannabis might help with.

4. The following acts are not unlawful and shall not be an offense under these revised Missouri law's
a. Possession or cultivation of cannabis for personal or medical use in an area sufficient to produce the quantity necessary to address one's personal or medical needs
b. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display, or possessing of any non-toxic food or food product.
c. Providing cannabis, aka marijuana and or any part of the cannabis plant thereof to be sold to the public must be tested by an accredited testing facility and all packaging labeled accordingly to reflect said testing.
d. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs a through d of this section

5. Patient's rights: cannabis shall be available to all patients regardless of age, race or gender without taxation when recommended by a physician as a medicine.
a. All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means.

6. All prisoners that have been found guilty in a Missouri Court off a nonviolent cannabis related crime shall immediately be released and all charges for non-violent cannabis crimes shall be expunged from their records.
a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related nonviolent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7. No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution.
a. Any person who impedes the lawful exercise of these provisions is guilty of a class A misdemeanor and is subject to all penalties or fines thereof.

8. Cannabis farmers, manufacturer's processors and distributors shall not be subject to any special zoning requirements, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor of agricultural products.

9. Pursuant to the ninth and tenth amendments to the constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.
a. The state of Missouri will honor all legally obtained patients medical cards regardless of the state where issued and Missouri shall become reciprocity with all legal states where Cannabis is considered legalized by law for medical or recreational use.
b. Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians or Veterinarian's; No physician or Veterinarian shall be subject to any professional license review or hearing as a result of recommending or approving medical cannabis therapy.
c. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis, hemp or any derivatives or parts thereof.

10. All provisions of this section are self-executing and serviceable. Except where otherwise indicated in the text of this document this constitutional amendment shall supersede any and all conflicting city, county, state or federal statutory, local charter, ordinance or resolution and shall be implemented no later than January 31st, following the election that placed this initiative before the people of Missouri.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-128)

Subject

Initiative petition from Timothy Gilio regarding a proposed constitutional amendment to Article IV. (Received January 24, 2017)

Date

February 14, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Missouri Veterans Commission, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Attorney General's office** indicated among other provisions, this proposal could require their office to develop and issue an order providing for the destruction of "all cannabis related nonviolent civil and criminal records in Missouri." Moreover, the proposal purports to supersede federal law.

They expect that the enactment of this proposal would result in increased litigation. They assume they could absorb costs associated with the increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** estimated increased operating costs of $0 in fiscal year 2018, unknown>$99,045 in fiscal year 2019, and unknown>$169,098 in fiscal year 2020.

Section 192.945, RSMo, allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for both medical and recreational purposes. Therefore, persons with intractable epilepsy would not need to apply for a hemp extract registration card in order to legally use the CBD oil.

They expect rental space for two staff located in Jefferson City would be required: 2 staff x 230 sq.ft./FTE x $21.00 = $9,660.

They indicated retail marijuana, cultivation facilities, products manufacturer, and testing facilities may be established as small businesses.

Division of Community and Public Health (DCPH)

This proposal does not require them to issue any licenses or conduct inspections to ensure the safety of marijuana infused food products. However, sections 196.010 through 196.298, RSMo, gives them responsibility for the regulation of food to include such duties as ensuring food safety, sanitation, and proper labeling, etc. Therefore, they would have responsibility to assure that facilities manufacturing foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

Division of Community and Public Health (DCPH)

Due to the broad parameters of this proposal, it is difficult to determine how many food manufacturing facilities would be established. States which have legalized retail marijuana have seen a significant demand for edible marijuana products. For the purposes of this fiscal note, they estimate that at least 300 food manufacturing facilities would be established as a result of this proposal. In order to properly inspect these manufacturing facilities, DCPH would require a minimum of two Environmental Public Health Specialist IV staff (A27, $44,352, Step G). This law shall be implemented no later than January 31 following the November 2018 election. Therefore, DCPH assumes that the two Environmental Public Health Specialist IV positions would begin January 1, 2019.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $7,178,073 in fiscal year 2019 (7 months), $7,511,746 in fiscal year 2020, $10,011,383 in fiscal year 2021, $10,741,186 in fiscal year 2022 and thereafter.

Legalizing the possession and use of marijuana would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY17 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will no discharges from expungement but the reduction in the prison population will increase to 214. The field reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $7,178,073 and will be $10,741,186 after the 4th year.

If marijuana usage becomes legal it could impact the safety and security of our prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of our prisons.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety, Office of the Director** indicated they see no fiscal impact due to this petition.

Officials from the **Department of Public Safety, Division of Missouri State Highway Patrol** indicated they expect increased operating costs of $426,236 for the first year implemented, $487,384 for the second year implemented, and $492,597 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

Criminal Justice Information Services Division
The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094
RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Divison

Currently, there are 86,600 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest and arrest/disposition records pertaining to individuals the age of 21 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only ten percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require 4 FTE's. However, if a large number of these expungements were to be granted with even four FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 35 FTE's to complete this task in approximately one year.

The addition of 35 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 86,600 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

10% = 86,600 x .10 = 8,660 / 2,485 = 4 FTE's
50% = 86,600 x .50 = 43,300 / 2,485 = 17 FTE's
100% = 86,600 / 2,485 = 35 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing ten percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

4 Quality Control Clerks ($1,015 x 24)	$97,440
Equipment/Office Furniture	$6,094
RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require the Highway Patrol to rent office space for 4 FTE's to process the expungement requests. The Office of Administration states that 920 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft
Utility Costs	$2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. The definition of a “non-violent cannabis-only offense” needs to be added. It is unclear if individuals with the aforementioned conviction records are required to abide by the expungement process mandated by various other state statutes. Does the individual just complete and file a document with a circuit clerk and the record is

expunged or does the "court," whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?

The Highway Patrol has concerns with number 7 which states, "No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution."

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no impact.

Officials from the **Office of Administration** (OA) indicated:

Under this proposal:

- Cannabis and cannabis hemp would be removed from the list of scheduled drugs
- Possessing, cultivating, harvesting and distributing cannabis for personal or medical use would be decriminalized. Anyone under age 21 may have access only for medical marijuana with a doctor's recommendation or parental/guardian supervision.
- Cannabis shall be available to all patients regardless of age, race or gender without taxation when recommended by a physician as a medicine.
- All prisoners who have been incarcerated for nonviolent cannabis-related crimes shall be immediately released and all charges for cannabis crimes expunged.
- No state or federal personnel or funds shall be used to enforce federal laws which are no longer illegal in Missouri under this amendment.
- Missouri will have reciprocity with any other states where cannabis is legalized by law for medical or recreational use.
- Language is included to state that the people of Missouri repudiate and challenge federal cannabis prohibitions that conflict with this proposal.
- Effective date is no later than January 31st following the election.
- Provisions are severable.

This should not impact their office.

Officials from the **Office of State Courts Administrator** indicated:

The proposed Initiative Petition, 18-128, would create a new section of the Missouri Constitution to be known as Article IV, section 54. This section would allow citizens over the age of twenty-one to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to 2015 for Associate case types is 10,982. We are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund

Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund

Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri

Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track their cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes they contract all conflicts to private attorneys, which they are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this proposal would have no fiscal impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated their local government estimates the fiscal impact of the above-referenced constitutional amendment for fiscal years 2018, 2019 and 2020 to be as follows:
(reminder: 2018 will likely be a portion of a fiscal year, depending on effective date of amendment)

Revenues: (explain amount per fiscal year and source or reason for increase)
This constitutional amendment will have no fiscal impact on their city.

Savings: (explain amount per fiscal year, reason for savings and area where savings will occur)
This constitutional amendment will have no fiscal impact on their city.

Costs:(explain what type of costs will be incurred, amount per fiscal year and reason)
This constitutional amendment will have no fiscal impact on their city.

Losses:(explain why revenue losses would be expected and amount per fiscal year)
This constitutional amendment will have no fiscal impact on their city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition will not have a fiscal impact on their local government.

Officials from the **Missouri Veterans Commission** indicated they defer fiscal impact to the Department of Revenue/Tax. They are pleased to receive any funding which appropriately comes to them to support the Veterans Programs currently administered by the Commission.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will not have a fiscal impact on their university.

Officials from the **Missouri State University** indicated in response to this initiative petition, no fiscal impact to their university.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,**

the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

This proposal is estimated to result in annual state savings of $11 million. Additional state operating costs resulting from this proposal are estimated at $700,000 annually. Local law enforcement costs could also increase.

RECEIVED
JAN 23 2017
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 23, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Natalie Meyer regarding a proposed statutory amendment to Chapter 191 (2018-127)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Natalie Meyer on January 23, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John R. Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town, or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
JAN 23 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say [print or type names of signers]

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number)(Street) (City, town, or village)	ZIP CODE	CONGR. DIST.	NAME (Printed or typed)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town, or village correctly, and that each signer is a registered voter in the state of Missouri and _____ County.

FURTHERMORE, I HEARBY SWEAR OR AFFIRM UNDER PENALTY OF PREJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do____ do not____ (check one) expect to be paid for circulating this petition.

_____
(Name of payer)

_____
Signature of Affiant (person obtaining signatures)

_____
Printed name of Affiant

_____
Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____ day of _____, A.D. 201___.

_____
Signature of Notary

_____
Address of Notary (Street, City, State & Zip Code)

My commission expires _____.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF MISSOURI:

The proposed initiative will amend Chapter 191 of Missouri Revised Statutes by adding twenty-two new sections.

These twenty-two sections shall be known and cited as the "Missouri Death with Dignity Act".

Section 1.

In said sections, the following terms shall mean:

(1) "Adult", any individual who is eighteen years of age or older.

(2) "Attending physician", the physician who has primary responsibility for the care of the patient and treatment of the patient's terminal disease.

(3) "Capable", in the opinion of a court or in the opinion of the patient's attending physician or consulting physician, psychiatrist or psychologist, a patient has the ability to make and communicate health care decisions to health care providers, including communication through persons familiar with the patient's manner of communicating if those persons are available.

(4) "Consulting physician", a physician who is qualified by specialty or experience to make a professional diagnosis and prognosis regarding the patient's disease.

(5) "Counseling", one or more consultations as necessary between a state licensed psychiatrist or psychologist and a patient for the purpose of determining that the patient is capable and not suffering from a psychiatric or psychological disorder or depression causing impaired judgment.

(6) "Health care provider", a person licensed, certified or otherwise authorized or permitted by the law of this state to administer health care or dispense medication in the ordinary course of business or practice of a profession, and includes a health care facility.

(7) "Informed decision", a decision by a qualified patient, to request and obtain a prescription to end his or her life in a humane and dignified manner, that is based on an appreciation of the relevant facts and after being fully informed by the attending physician of:

a. His or her medical diagnosis;

b. His or her prognosis;

c. The potential risks associated with taking the medication to be prescribed;

d. The probable result of taking the medication to be prescribed; and

e. The feasible alternatives, including, but not limited to, comfort care, hospice care and pain control.

(8) "Medically confirmed", the medical opinion of the attending physician has been confirmed by a consulting physician who has examined the patient and the patient's relevant medical records.

(9) "Patient", a person who is under the care of a physician.

(10) "Physician", a doctor of medicine or osteopathy licensed to practice medicine in the state of Missouri

(11) "qualified patient", a capable adult who is a resident of this state and has satisfied the requirements of this initiative in order to obtain a prescription for medication to end his or her life in a humane and dignified manner.

(12) "Terminal disease", an incurable and irreversible disease that has been medically confirmed and shall, within reasonable medical judgment, produce death within six months.

Section 2.

1. An adult who:
   a. Is capable;
   b. Is a residence of this state;
   c. Has been determined by the attending physician and consulting physician to be suffering from a terminal disease; and
   d. Has voluntarily expressed his or her wish to die;

may make a written request for medication for the purpose of ending his or her life in a humane and dignified manner in accordance with this initiative.

2. No person shall qualify under this initiative solely because of age or disability.

Section 3.

1. A valid request for medication under this initiative shall be in substantially the form described in section 20, signed and dated by the patient, and witnessed by at least two individuals who, in the presence of the patient, attest that to the best of their knowledge and belief the patient is capable, acting voluntarily, and is not being coerced to sign the request.
2. One of the witnesses shall be a person who is not:
   a. A relative of the patient by blood, marriage, or adoption;
   b. A person, who at the time the request is signed, would be entitled to any portion of the estate of the qualified patient upon death under any will or by operation of law; or
   c. An owner, operator, or employee of a health care facility where the qualified patient is receiving medical treatment or is a resident
3. The patient's attending physician at the time the request is signed shall not be a witness.

If the patient is in a long-term care facility at the time the written request is made, one of the witnesses shall be an individual designated by the facility and having the qualifications specified by the department of health and senior services by rule.

Section 4

1. The attending physician shall:
   A. Make the initial determination of whether a patient has a terminal disease, is capable, and has made the request voluntarily;
   B. Request that the patient demonstrate Missouri state residency under section 13;
   C. To ensure that the patient is making an informed decision, inform the patient of:
      a. His or her medical diagnosis;
      b. His or her prognosis;
      c. The potential risks associated with taking the medication to be prescribed;
      d. The probable result of taking the medication to be prescribed; and
      e. The feasible alternatives including, but not limited to, comfort care, hospice care, and pain control;
   D. Refer the patient to a consulting physician for medical confirmation of the diagnosis and for a determination that the patient is capable and acting voluntarily;
   E. Refer the patient for counseling if appropriate under section 6;
   F. Recommend that the patient notify next of kin;
   G. Counsel the patient about the importance of having another person present when the patient takes the medication prescribed under this legislation and of not taking the medication in a public place;
   H. Inform the patient that he or she has an opportunity to rescind the request at any time and in any manner, and offer the patient an opportunity to rescind at the end of the fifteen-day waiting period under section 9;
   I. Verify, immediately before writing the prescription for medication under this initiative, that the patient is making an informed decision;
   J. Fulfill the medical record documentation requirements of section 12;
   K. Ensure that all appropriate steps are carried out in accordance with this initiative prior to writing a prescription for medication to enable a qualified patient to end his or her life in a humane and dignified manner; and
   L. I. Dispense medications directly, including ancillary medications intended to facilitate the desired effect to minimize the patient's discomfort, provided that the attending physician is authorized under state law and rule to dispense, has a current drug enforcement administration certificate, and complies with any applicable administrative rule; or
   II. With the patient's written consent:
      a. Contact a pharmacist and inform the pharmacist of the prescription; and
      b. Deliver the written prescription personally, by mail, or facsimile to the pharmacist, who shall dispense the medications to either the patient, the attending physician, or an expressly identified agent of the patient.

2. Notwithstanding any other provision of law, the attending physician may sign the patient's death certificate.

Section 5

Before a patient is qualified under this initiative, a consulting physician shall examine the patient and his or her relevant medical records and confirm in writing the attending physician's diagnosis that the patient is suffering from a terminal disease and verify that the patient is capable, is acting voluntarily, and has made an informed decision.

Section 6

If, in the opinion of the attending physician or the consulting physician, a patient may be suffering from a psychiatric or psychological disorder or depression causing impaired judgment, either physician shall refer the patient for counseling. No medication to end a patient's life in a humane and dignified manner shall be prescribed until the person performing the counseling determines that the patient is not suffering from a psychiatric or psychological disorder or depression causing impaired judgment.

Section 7

No person shall receive a prescription for medication to end his or her life in a humane and dignified manner unless he or she has made an informed decision, as defined in section 1. Immediately prior to writing a prescription for medication under this initiative, the attending physician shall verify that the qualified patient is making an informed decision.

Section 8

The attending physician shall recommend that the patient notify the next of kin of his or her request for medication under this initiative. A patient who declines or is unable to notify next of kin shall not have his or her request denied for that reason.

Section 9

In order to receive a prescription for medication to end his or her life in a humane and dignified manner, a qualified patient shall have made an oral request and a written request and reiterate the oral request to his or her attending physician at least fifteen days after making the initial oral request. At the time the qualified patient makes his or her second oral request, the attending physician shall offer the qualified patient an opportunity to rescind the request.

Section 10

A patient may rescind his or her request at any time and in any manner without regard to his or her mental state. No prescription for medication under this initiative shall be written without the attending physician offering the qualified patient an opportunity to rescind the request.

Section 11

No less than fifteen days shall elapse between the patient's initial oral request and the writing of a prescription under this initiative. No less than forty-eight hours shall elapse between the date of the patient's written request and the writing of a prescription under this initiative.

Section 12

The following shall be documented or filed in the patient's medical record:

(1) All oral requests made by the patient for medication to end his or her life in a humane and dignified manner;

(2) All written requests made by the patient for medication to end his or her life in a humane and dignified manner;

(3) The attending physician's diagnosis and prognosis and determination that the patient is capable, is acting voluntarily, and has made an informed decision;

(4) The consulting physician's diagnosis and prognosis and verification that the patient is capable, is acting voluntarily, and has made an informed decision;

(5) A report of the outcome and determinations made during counseling, if performed;

(6) The attending physician's offer to the patient to rescind his or her request at the time of the patient's second oral request under section 9; and

(7) A note by the attending physician indicating that all requirements under this initiative have been met and indicating the steps taken to carry out the request including a notation of the medication prescribed.

Section 13

Only requests made by Missouri residents under this initiative shall be granted. Factors demonstrating Missouri residency include, but are not limited to:

(1) Possession of a Missouri driver's license;

(2) Registration to vote in Missouri;

(3) Evidence that the person owns or leases property in Missouri; or

(4) Filing of a Missouri tax return for the most recent tax year.

Section 14

1. a. The department of health and senior services shall annually review all records maintained under this initiative.
   b. The department of health and senior services shall require any health care provider upon dispensing medication under this initiative to file a copy of the dispensing record with the department.

2. The department of health and senior services shall adopt rules to facilitate the collection of information regarding compliance with this initiative. Except as otherwise required by law, the information collected shall not be a public record and shall not be made available for inspection by the public.

3. The department of health and senior services shall generate and make available to the public an annual statistical report of information collected under subsection 2 of this section.

Section 15

1. No provision in a contract, will, or other agreement, whether written or oral, to the extent the provision would affect whether a person may make or rescind a request for medication to end his or her life in a humane and dignified manner, shall be valid.

2. No obligation owing under any currently existing contract shall be conditioned or affected by the making or rescinding of a request by a person for medication to end his or her life in a humane and dignified manner.

Section 16

The sale, procurement, or issuance of any life, health, or accident insurance or annuity policy or the rate charged for any policy shall not be conditioned upon or affected by the making or rescinding of a request by a person for medication to end his or her life in a humane and dignified manner. A qualified patient's act of ingesting medication to end his or her life in a humane and dignified manner shall not have an effect upon a life, health, or accident insurance or annuity policy.

Section 17

Nothing is this initiative shall be construed to authorize a physician or any other person to end a patient's life by lethal injection, mercy killing, or active euthanasia. Actions taken in accordance with this initiative shall not for any purpose constitute suicide, assisted suicide, mercy killing, or homicide under the law.

Section 18

1. Except as provided in subsection 2 of this section and section 20:
   a. No person shall be subject to civil or criminal liability or professional disciplinary action for participating in good faith compliance with this initiative including being present when a qualified patient takes the prescribed medication to end his or her life in a humane and dignified manner;
   b. No professional organization or association or health care provider shall subject a person to censure, discipline, suspension, loss of license, loss of privileges, loss of membership, or other penalty for participating or refusing to participate in good faith compliance with this initiative;
   c. No request by a patient for or provision by an attending physician of medication in good faith compliance with this initiative shall constitute neglect for any purpose of law or provide the sole basis for the appointment of a guardian or conservator; and
   d. No health care provider shall be under any duty, whether by contract, statute, or any other legal requirement to participate in the provision to a qualified patient of medication to end his or her life in a humane and dignified manner. If a health care provider is unable or unwilling to carry out a patient's request under this initiative and the patient transfers his or her care to a new health care provider, the prior health care provider shall, upon request, transfer a copy of the patient's relevant medical records to the new health care provider.

2. (1) Notwithstanding any other provision of law, a health care provider may prohibit another health care provider from participating under the Missouri death with dignity act on the premises of the prohibiting provider if the prohibiting provider has notified the health care provider of the prohibiting provider's policy regarding participation in the Missouri death with dignity act. Nothing in this subdivision shall prevent a health care provider from providing health care services to a patient that do not constitute participation in the Missouri death with dignity act.
   (2) Notwithstanding the provisions of subsection 1 of this section, a health care provider may subject another health care provider to the following sanctions if the sanctioning health care provider has notified the sanctioning provider prior to participation under this initiative that it prohibits participation in the Missouri death with dignity act:
   (a) Loss of privileges, loss of membership, or other sanctions provided under the medical staff bylaws, policies, and procedures of the sanctioning health care provider if the sanctioned provider is a member of the sanctioning provider's medical staff and participates under the Missouri death with dignity act while on the health care facility premises of the sanctioning health care provider, but not including the private medical office of a physician or other provider;
   (b) Termination of a lease or other property contract or other nonmonetary remedies provided by a lease contract, not including loss or restriction of medical staff privileges or exclusion from a provider panel, if the sanctioned provider participates under the Missouri death with dignity act while on the premises of the sanctioning health care provider or on property that is owned by or under the direct control of the sanctioning health care provider; or

(c) Termination of a contract or other nonmonetary remedies provided by contract if the sanctioned provider participates under the Missouri death with dignity act while acting in the course and scope of the sanctioned provider's capacity as an employee or independent contractor of the sanctioning health care provider. Nothing in this paragraph shall be construed to prevent:

a. A health care provider from participating under the Missouri death with dignity act while acting outside the course and scope of the provider's capacity as an employee or independent contractor; or

b. A patient from contracting with his or her attending physician and consulting physician to act outside the course and scope of the provider's capacity as an employee or independent contractor of the sanctioning health care provider.

(3) A health care provider that imposes sanctions under subdivision (2) of this subsection shall follow all due process and other procedures the sanctioning health care provider may have that are related to the imposition of sanctions on another health care provider.

(4) For the purposes of this subsection, the following terms shall mean:

(a) "Notify", a separate statement in writing to the health care provider specifically informing the health care provider before the provider's participation under the Missouri death with dignity act of the sanctioning health care provider's policy about participation in activities covered by the Missouri death with dignity act;

(b) "Participate under the Missouri death with dignity act", to perform the duties of an attending physician under section 5, the consulting physician function under section 5, or the counseling function under section 6. Participate under the Missouri death with dignity act does not include:

a. Making an initial determination that a patient has a terminal disease and informing the patient of the medical prognosis;

b. Providing information about the Missouri death with dignity act to a patient upon the request of the patient;

c. Providing a patient, upon the request of the patient, with a referral to another physician; or

d. A patient contracting with his or her attending physician and consulting physician to act outside of the course and scope of the provider's capacity as an employee or independent contractor of the sanctioning health care provider.

3. Suspension or termination of staff membership or privileges under subsection 2 of this section is not reportable to the department or state board of registration for the healing arts. Action taken under sections 3 to 6 shall not be the sole basis for a report of unprofessional conduct.

4. No provision of this initiative shall be construed to allow a lower standard of care for patients in the community where the patient is treated or a similar community.

Section 19

1. A person, who without authorization of the patient, willfully alters or forges a request for medication or conceals or destroys a rescission of that request with the intent or effect of causing the patient's death is guilty of a class A felony.

2. A person who coerces or exerts undue influence on a patient to request medication to end the patient's life or to destroy a rescission of a request is guilty of a class A felony.

3. Nothing in this initiative shall limit further liability for civil damages resulting from other negligent conduct or intentional misconduct by any person.

4. The penalties in this initiative do not preclude criminal penalties applicable under other law for conduct that is inconsistent with this initiative.

Section 20

Any governmental entity that incurs costs resulting from a person terminating his or her life under this initiative in a public place has a claim against the estate of the person to recover such costs and reasonable attorneys' fees related to enforcing the claim.

Section 21

A request for a medication as authorized by this initiative shall be in substantially the following form:

REQUEST FOR MEDICATION TO END MY LIFE

IN A HUMANE AND DIGNIFIED MANNER

I, ..., am an adult of sound mind.

I am suffering from ....., which my attending physician has determined is a terminal disease and which has been medically confirmed by a consulting physician. I have been fully informed of my diagnosis, prognosis, the nature of medication to be prescribed and potential associated risks, the expected result, and the feasible

alternatives, including comfort care, hospice care, and pain control. I request that my attending physician prescribe medication that will end my life in a humane and dignified manner.

INITIAL ONE:

..... I have informed my family of my decision and taken their opinions into consideration.

..... I have decided not to inform my family of my decision.

..... I have no family to inform of my decision.

I understand that I have the right to rescind this request at any time.

I understand the full import of this request and I expect to die when I take the medication to be prescribed. I further understand that although most deaths occur within three hours, my death may take longer, and my physician has counseled me about this possibility.

I make this request voluntarily and without reservation, and I accept full moral responsibility for my actions.

Signed: .....

Dated: .....

DECLARATION OF WITNESSES

We declare that the person making and signing the above request:

(1) Is personally known to us or has provided proof of identity;

(2) Signed this request in our presence on the date of the person's signature;

(3) Appears to be of sound mind and not under duress, fraud, or undue influence;

and

(4) Is not a patient for whom either of us is the attending physician.

..... Witness 1/Date

..... Witness 2/Date

NOTE: One witness shall not be a relative (by blood, marriage, or adoption) of the person signing this request, shall not be entitled to any portion of the person's estate upon death, and shall not own, operate, or be employed at a health care facility where the person is a patient or resident. If the patient is an inpatient at a health care facility, one of the witnesses shall be an individual designated by the facility.

Section 22

1. Any person who, without authorization of the principal, willfully alters, forges, conceals, or destroys an instrument, the reinstatement or revocation of an instrument, or any other evidence or document reflecting the principal's desires and interests with the intent and effect of causing a withholding or withdrawal of life-sustaining procedures or of artificially administered nutrition and hydration which hastens the death of the principal is guilty of a class A felony.

2. Except as provided in subsection 1 of this section, any person who, without authorization of the principal, willfully alters, forges, conceals, or destroys an instrument, the reinstatement or revocation of an instrument, or any other evidence or document reflecting the principal's desires and interests with the intent and effect of affecting a health care decision is guilty of a class A misdemeanor.

RECEIVED
JAN 18 2017
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 18, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Charles Jones regarding a proposed constitutional amendment to Article IV (2018-126)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Charles Jones on January 17, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
JAN 17 2017
MO. SECRETARY OF STATE

(Official Ballot Title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____
I, _____, being first duly sworn, say (print or type names of signers)

Name (Signature)	Date Signed	Registered Voting Address (Number)(Street)(City, Town, Village)	Zip Code	Cong Dist.	Name (printed or typed)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence: I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.
I am at least 18 years of age. I do _____do not _____(check one) expect to be paid for circulating this petition. If paid, list the payer-
_____.

Signature of Affiant (Person obtaining signatures:

_____

Printed name of Affiant:

_____

Subscribed and sworn to before me, this_____day of_____, A.D. _____

Notary Public (Seal)

My commission expires _____

Address of Affiant: _____

_____

Signature of Notary:_____

Address of Notary: _____

_____

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1, 577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1. Cannabis shall immediately be removed from the Missouri list of controlled substances and shall no longer be listed among Missouri's drug schedules.

2. Definitions: cannabis and cannabis hemp refer to Cannabis, Marijuana, Cannabis Sativa, Cannabis Indica, Cannabis Ruderalis or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
a. Medical cannabis refers to physician recommended use.
b. Personal use refers to any use not recommended by physician.
c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use planting, propagating, cultivating, growing, harvesting, manufacturing, compounding , converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into or onto the human body.
d. Establishment refers to a cannabis cultivation facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares, manufactures, packages, transports, or sells cannabis products or accessories.
e. Minor refers to anyone under the age 18.

3. Cannabis or its products shall not be sold to anyone under the age 18. Anyone under the age of 18 shall have access to cannabis through physician recommendation or consent from parent/legal guardian.
a. No minor shall be criminally prosecuted for possession of cannabis or its products.

4. The following acts are not unlawful and shall not be an offense under Missouri law
a. Possession of cannabis for personal or medical use.
b. Cultivating cannabis for personal or medical use, to obey zoning restrictions.
c. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri.
d. Providing cannabis, cannabis accessories and products for sale to consumers. Any product to be sold to public must be tested for purity and weight.
e. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (e) of this section.
f. The possession of cannabis is not to be the sole reason for issuing a D.U.I. (driving under the influence), arrest or fines when operating a motor vehicle.

5. Patient rights: Cannabis shall be available to all patients regardless of age, without taxation when physician recommended.

6. All prisoners that have been incarcerated for nonviolent cannabis related crimes shall immediately be released and all charges for cannabis crimes expunged.
a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related non-violent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7. No state or federal funds shall be used to enforce federal laws which are no longer illegal in the state of Missouri.
a. Any person who willfully impedes the lawful exercise of these provisions is guilty of a class A misdemeanor.

8. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirements, licensing fee that is discriminant, prohibitive, or in any way contrary to that which is relative to any other commercial or agriculture farmer, manufacturer, processor or distributor.

9. Pursuant to the ninth and tenth amendments to the Constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.

10. All provisions of this section are self-executing and severable and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance or resolution.

11. If any rival or conflicting initiative regulating any matter addressed by this act receives the higher affirmative vote, then all non-conflicting parts shall become operative.

12. The dictates of this Initiative shall be implemented no later than April 20th following the election that placed this initiative before the people.

RECEIVED
JAN 11 2017
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 11, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article I (2018-125)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on January 11, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
JAN 11 2017
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

	Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
(Address of Affiant)

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
(Signature of Notary)

.....
(Address of Notary).

Notary Public (Seal) .....

My commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

35 of Article I of the Constitution of Missouri is amended by modifying section 35. The existing section 35 is set forth hereinafter with the new matter bold and deleted matter in brackets,

Definitions of terms, as used in this Act:

A) Cannabis: refers to the cannabis, marihuana, marijuana, cannabis, sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including but not limited to, derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof

B) Hemp: The fiber of this plant, extracted from the stem and used to make rope, fabrics, fiberboard, clothing, and paper. The sister plant of cannabis

That agriculture which provides food, energy, health benefits, and security is the foundation and stabilizing force of Missouri's economy. To protect this vital sector of Missouri's economy, the right of farmers and ranchers to engage in farming and ranching practices, including but not limited to the right to grow cannabis and hemp, shall be forever guaranteed in this state, subject to duly authorized powers, if any, conferred by article VI of the Constitution of Missouri.

RECEIVED
JAN 11 2017
STATE AUDITORS OFFICE

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 11, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article X (2018-124)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on January 10, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
JAN 10 2017
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
(Address of Affiant)

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
(Signature of Notary)

.....
(Address of Notary).

Notary Public (Seal) .....

My commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article X section 26 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

Prohibition on new or local sales, use, or other similar transaction-based tax not [subject to such tax as of January 1, 2015]approved by voters. Mandate voter approval before funding or financing sport facilities.

Section 26.

A. In order to prohibit an increase in the tax burden on the citizens of Missouri without voter approval, state and local sales and use taxes (or any similar transaction-based tax) shall not be expanded to impose taxes on any service or transaction that was [not subject to sales, use or similar transaction-based tax on January 1, 2015.] approved by voters.

B. Prohibit funding of sports and entertainment stadiums, centers recreation center or facilities without voter approval.

C. Prohibit expansion, extending, modifying, or amending current or future bonds, tax credits, without voter approval.

D. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

All provisions shall take effect immediately upon passage.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-124)

Subject

Initiative petition from Damien Johnson regarding a proposed constitutional amendment to Article X. (Received January 11, 2017)

Date

January 31, 2017

Description

This proposal would amend Article X of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, their office can absorb

the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department. They also indicated that they think Section 26 A is supposed to say "that was **not** approved by voters."

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their agency.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration (OA)** indicated this proposal amends Article X, Section 26 by mandating voter approval before funding or financing sports facilities and before imposing taxes on any service or transaction.

- Subsection A prohibits the imposition of state and local taxes on any services or transactions that were approved by voters instead of the current language which prohibits taxes on any service or transaction that was not subject to sales, use or similar transaction-based tax on January 1, 2015. Budget and Planning does not have enough information to estimate the fiscal impact of this provision, however, it could have a significant negative fiscal impact on the state and local taxing authorities.

- Subsection C prohibits expansion, extension modification or amending current or future bonds, or tax credits without voter approval. The intent of this provision is unclear. A broad interpretation would be that provision C would not allow refunding transactions (which save tax payer money by reducing debt service without substantive changes to principal payments or dates) on any bonds (not just sports stadiums) without voter approval (which would be unlikely to obtain in a timely manner to execute the transaction before the markets changes). An even broader but reasonable interpretation would be that no changes to any existing bond documents could be made regardless of how trivial. This could present challenges in managing the state's current debt and could result in higher debt service costs for the state. In regards to the reference to tax credits, this could be interpreted to mean that the state could not take any action on any existing tax credit program without a vote of the people. This means the program could not be extended or ended, caps could not be lowered or raised, and other program changes such as limiting the transferability of credits could not be implemented by the General Assembly without a vote of the people.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had

historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this proposal would have no impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **University of Missouri** indicated this initiative petition will have a fiscal impact on their university of under $100,000.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia**, the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College**.

Fiscal Note Summary

The proposal could have a significant negative fiscal impact on the state and local governmental entities. The amount of the impact is unknown.

STATE AUDITOR'S OFFICE
RECEIVED
JAN 10 2017

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 10, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from John Boyd regarding a proposed constitutional amendment to Article I (2018-123)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by John Boyd on January 10, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County_____
Page Number_____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021 R.S.Mo., to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____County (or City of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th dat of November, 2018, and each for himself or heself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or City of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
JAN 10 2017
MO. SECRETARY OF STATE

{Official Ballot Title}

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____
I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS	ZIP CODE	CONG DIST.	NAME (Printed or Typed)
1.					
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3.					
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9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence. I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do_____ do not_____ (Check one) expect to be paid for circulating this petition. If paid, list the payer:

_____ _____
(Name of Payer) Signature of Affiant (Person Obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201_____.
Notary Public (Seal)

_____
Signature of Notary

My Commission Expires:

_____ _____
Address of Notary (Street, City, State & Zip)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal or modify by implication or may be construed by some persons to change, repeal or modify by implication Section 290 of the Missouri Revised Statutes. All matter which is to be deleted included in its proper place enclosed in brackets and all new matter shown underlined, as follows:

Be it resolved by the people of the State of Missouri that the Constitution be amended as follows:

Under Article I, a new section is added to read as follows:

"36. Notwithstanding any other provision of law, no person, business, church, organization, or other lawful entity shall be required, either directly or indirectly, to render services, goods, or property, except for just compensation from the recipient, unless such is required through sentencing upon being duly convicted of a misdemeanor or felony. Any law, regulation, or act of this state which either alone or in combination with the law of another jurisdiction would result in the rendering of services, goods, or property without just compensation from the person receiving the services, goods, or property, except as punishment for a crime, shall be invalid."

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
JAN 10 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI. County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

	Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
(Address of Affiant)

Subscribed and sworn to before me this ..... day of ..... A.D.....

.....
(Signature of Notary)

.....
(Address of Notary).

Notary Public (Seal) .....
My commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article X section 26 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

Prohibition on new or local sales, use, or other similar transaction-based tax not [subject to such tax as of January 1, 2015]approved by voters. Mandate voter approval before funding or financing sport facilities.

A. Section 26. In order to prohibit an increase in the tax burden on the citizens of Missouri without voter approval, state and local sales and use taxes (or any similar transaction-based tax) shall not be expanded to impose taxes on any service or transaction that was [not subject to sales, use or similar transaction-based tax on January 1, 2015.] approved by voters.

B. Prohibit funding of sports and entertainment stadiums, centers recreation center or facilities without voter approval.

C. Prohibit expansion, extending, modifying, or amending current or future bonds, tax credits, without voter approval.

D. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

All provisions shall take effect immediately upon passage.

STATE AUDITOR'S OFFICE
RECEIVED
JAN 10 2017

JOHN R. ASHCROFT
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 10, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article I (2018-121)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on January 10, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

John R. Ashcroft

cc: Hon. Joshua D. Hawley
Sheri Hoffman
Trish Vincent

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
JAN 10 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
(Address of Affiant)

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
(Signature of Notary)

.....
(Address of Notary).

Notary Public (Seal) .....

My commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

35 of Article I of the Constitution of Missouri is amended by modifying section 35. The existing section 35 is set forth hereinafter with the new matter bold and deleted matter in brackets,

Definitions of terms, as used in this Act:

a) Cannabis: refers to the cannabis, marihuana, marijuana, cannabis, sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including but not limited to, derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof

b) Hemp: The fiber of this plant, extracted from the stem and used to make rope, fabrics, fiberboard, clothing, and paper. The sister plant of cannabis

That agriculture which provides food, energy, health benefits, and security is the foundation and stabilizing force of Missouri's economy. To protect this vital sector of Missouri's economy, the right of farmers and ranchers to engage in farming and ranching practices, including but not limited to the right to grow cannabis and hemp, shall be forever guaranteed in this state, subject to duly authorized powers, if any, conferred by article VI of the Constitution of Missouri.

RECEIVED
JAN 06 2017
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 6, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Natalie Meyer regarding a proposed statutory amendment to Chapter 191 (2018-120)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Natalie Meyer on January 5, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town, or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
JAN 05 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say [print or type names of signers]

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number)(Street) (City, town, or village)	ZIP CODE	CONGR. DIST.	NAME (Printed or typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town, or village correctly, and that each signer is a registered voter in the state of Missouri and _____ County.

FURTHERMORE, I HEARBY SWEAR OR AFFIRM UNDER PENALTY OF PREJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do____ do not____ (check one) expect to be paid for circulating this petition.

_____
(Name of payer)

_____
Signature of Affiant (person obtaining signatures)

_____
Printed name of Affiant

_____
Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____ day of _____, A.D. 201___.

_____
Signature of Notary

_____
Address of Notary (Street, City, State & Zip Code)

My commission expires _____.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF MISSOURI:

The proposed initiative will amend Chapter 191 of Missouri Revised Statutes by adding twenty-two new sections.

These twenty-two sections shall be known and cited as the "Missouri Death with Dignity Act".

Section 1.

In said sections, the following terms shall mean:

(1) "Adult", any individual who is eighteen years of age or older.

(2) "Attending physician", the physician who has primary responsibility for the care of the patient and treatment of the patient's terminal disease.

(3) "Capable", in the opinion of a court or in the opinion of the patient's attending physician or consulting physician, psychiatrist or psychologist, a patient has the ability to make and communicate health care decisions to health care providers, including communication through persons familiar with the patient's manner of communicating if those persons are available.

(4) "Consulting physician", a physician who is qualified by specialty or experience to make a professional diagnosis and prognosis regarding the patient's disease.

(5) "Counseling", one or more consultations as necessary between a state licensed psychiatrist or psychologist and a patient for the purpose of determining that the patient is capable and not suffering from a psychiatric or psychological disorder or depression causing impaired judgment.

(6) "Health care provider", a person licensed, certified or otherwise authorized or permitted by the law of this state to administer health care or dispense medication in the ordinary course of business or practice of a profession, and includes a health care facility.

(7) "Informed decision", a decision by a qualified patient, to request and obtain a prescription to end his or her life in a humane and dignified manner, that is based on an appreciation of the relevant facts and after being fully informed by the attending physician of:

a. His or her medical diagnosis;

b. His or her prognosis;

c. The potential risks associated with taking the medication to be prescribed;

d. The probable result of taking the medication to be prescribed; and

e. The feasible alternatives, including, but not limited to, comfort care, hospice care and pain control.

(8) "Medically confirmed", the medical opinion of the attending physician has been confirmed by a consulting physician who has examined the patient and the patient's relevant medical records.

(9) "Patient", a person who is under the care of a physician.

(10) "Physician", a doctor of medicine or osteopathy licensed to practice medicine in the state of Missouri

(11) "qualified patient", a capable adult who is a resident of this state and has satisfied the requirements of this initiative in order to obtain a prescription for medication to end his or her life in a humane and dignified manner.

(12) "Terminal disease", an incurable and irreversible disease that has been medically confirmed and shall, within reasonable medical judgment, produce death within six months.

Section 2.

1. An adult who:
   a. Is capable;
   b. Is a residence of this state;
   c. Has been determined by the attending physician and consulting physician to be suffering from a terminal disease; and
   d. Has voluntarily expressed his or her wish to die;

may make a written request for medication for the purpose of ending his or her life in a humane and dignified manner in accordance with this initiative.

2. No person shall qualify under this initiative solely because of age or disability.

Section 3.

1. A valid request for medication under this initiative shall be in substantially the form described in section 20, signed and dated by the patient, and witnessed by at least two individuals who, in the presence of the patient, attest that to the best of their knowledge and belief the patient is capable, acting voluntarily, and is not being coerced to sign the request.
2. One of the witnesses shall be a person who is not:
   a. A relative of the patient by blood, marriage, or adoption;
   b. A person, who at the time the request is signed, would be entitled to any portion of the estate of the qualified patient upon death under any will or by operation of law; or
   c. An owner, operator, or employee of a health care facility where the qualified patient is receiving medical treatment or is a resident
3. The patient's attending physician at the time the request is signed shall not be a witness.

If the patient is in a long-term care facility at the time the written request is made, one of the witnesses shall be an individual designated by the facility and having the qualifications specified by the department of health and senior services by rule.

Section 4

1. The attending physician shall:
   A. Make the initial determination of whether a patient has a terminal disease, is capable, and has made the request voluntarily;
   B. Request that the patient demonstrate Missouri state residency under section 13;
   C. To ensure that the patient is making an informed decision, inform the patient of:
      a. His or her medical diagnosis;
      b. His or her prognosis;
      c. The potential risks associated with taking the medication to be prescribed;
      d. The probable result of taking the medication to be prescribed; and
      e. The feasible alternatives including, but not limited to, comfort care, hospice care, and pain control;
   D. Refer the patient to a consulting physician for medical confirmation of the diagnosis and for a determination that the patient is capable and acting voluntarily;
   E. Refer the patient for counseling if appropriate under section 6;
   F. Recommend that the patient notify next of kin;
   G. Counsel the patient about the importance of having another person present when the patient takes the medication prescribed under this legislation and of not taking the medication in a public place;
   H. Inform the patient that he or she has an opportunity to rescind the request at any time and in any manner, and offer the patient an opportunity to rescind at the end of the fifteen-day waiting period under section 9;
   I. Verify, immediately before writing the prescription for medication under this initiative, that the patient is making an informed decision;
   J. Fulfill the medical record documentation requirements of section 12;
   K. Ensure that all appropriate steps are carried out in accordance with this initiative prior to writing a prescription for medication to enable a qualified patient to end his or her life in a humane and dignified manner; and
   L. I. Dispense medications directly, including ancillary medications intended to facilitate the desired effect to minimize the patient's discomfort, provided that the attending physician is authorized under state law and rule to dispense, has a current drug enforcement administration certificate, and complies with any applicable administrative rule; or

      II. With the patient's written consent:

      a. Contact a pharmacist and inform the pharmacist of the prescription; and

      b. Deliver the written prescription personally, by mail, or facsimile to the pharmacist, who shall dispense the medications to either the patient, the attending physician, or an expressly identified agent of the patient.

2. Notwithstanding any other provision of law, the attending physician may sign the patient's death certificate.

Section 5

Before a patient is qualified under this initiative, a consulting physician shall examine the patient and his or her relevant medical records and confirm in writing the attending physician's diagnosis that the patient is suffering from a terminal disease and verify that the patient is capable, is acting voluntarily, and has made an informed decision.

Section 6

If, in the opinion of the attending physician or the consulting physician, a patient may be suffering from a psychiatric or psychological disorder or depression causing impaired judgment, either physician shall refer the patient for counseling. No medication to end a patient's life in a humane and dignified manner shall be prescribed until the person performing the counseling determines that the patient is not suffering from a psychiatric or psychological disorder or depression causing impaired judgment.

Section 7

No person shall receive a prescription for medication to end his or her life in a humane and dignified manner unless he or she has made an informed decision, as defined in section 1. Immediately prior to writing a prescription for medication under this initiative, the attending physician shall verify that the qualified patient is making an informed decision.

Section 8

The attending physician shall recommend that the patient notify the next of kin of his or her request for medication under this initiative. A patient who declines or is unable to notify next of kin shall not have his or her request denied for that reason.

Section 9

In order to receive a prescription for medication to end his or her life in a humane and dignified manner, a qualified patient shall have made an oral request and a written request and reiterate the oral request to his or her attending physician at least fifteen days after making the initial oral request. At the time the qualified patient makes his or her second oral request, the attending physician shall offer the qualified patient an opportunity to rescind the request.

Section 10

A patient may rescind his or her request at any time and in any manner without regard to his or her mental state. No prescription for medication under this initiative shall be written without the attending physician offering the qualified patient an opportunity to rescind the request.

Section 11

No less than fifteen days shall elapse between the patient's initial oral request and the writing of a prescription under this initiative. No less than forty-eight hours shall elapse between the date of the patient's written request and the writing of a prescription under this initiative.

Section 12

The following shall be documented or filed in the patient's medical record:

(1) All oral requests made by the patient for medication to end his or her life in a humane and dignified manner;

(2) All written requests made by the patient for medication to end his or her life in a humane and dignified manner;

(3) The attending physician's diagnosis and prognosis and determination that the patient is capable, is acting voluntarily, and has made an informed decision;

(4) The consulting physician's diagnosis and prognosis and verification that the patient is capable, is acting voluntarily, and has made an informed decision;

(5) A report of the outcome and determinations made during counseling, if performed;

(6) The attending physician's offer to the patient to rescind his or her request at the time of the patient's second oral request under section 9; and

(7) A note by the attending physician indicating that all requirements under this initiative have been met and indicating the steps taken to carry out the request including a notation of the medication prescribed.

Section 13

Only requests made by Missouri residents under this initiative shall be granted. Factors demonstrating Missouri residency include, but are not limited to:

(1) Possession of a Missouri driver's license;

(2) Registration to vote in Missouri;

(3) Evidence that the person owns or leases property in Missouri; or

(4) Filing of a Missouri tax return for the most recent tax year.

Section 14

1. a. The department of health and senior services shall annually review all records maintained under this initiative.
   b. The department of health and senior services shall require any health care provider upon dispensing medication under this initiative to file a copy of the dispensing record with the department.

2. The department of health and senior services shall adopt rules to facilitate the collection of information regarding compliance with this initiative. Except as otherwise required by law, the information collected shall not be a public record and shall not be made available for inspection by the public.

3. The department of health and senior services shall generate and make available to the public an annual statistical report of information collected under subsection 2 of this section.

Section 15

1. No provision in a contract, will, or other agreement, whether written or oral, to the extent the provision would affect whether a person may make or rescind a request for medication to end his or her life in a humane and dignified manner, shall be valid.

2. No obligation owing under any currently existing contract shall be conditioned or affected by the making or rescinding of a request by a person for medication to end his or her life in a humane and dignified manner.

Section 16

The sale, procurement, or issuance of any life, health, or accident insurance or annuity policy or the rate charged for any policy shall not be conditioned upon or affected by the making or rescinding of a request by a person for medication to end his or her life in a humane and dignified manner. A qualified patient's act of ingesting medication to end his or her life in a humane and dignified manner shall not have an effect upon a life, health, or accident insurance or annuity policy.

Section 17

Nothing is this initiative shall be construed to authorize a physician or any other person to end a patient's life by lethal injection, mercy killing, or active euthanasia. Actions taken in accordance with this initiative shall not for any purpose constitute suicide, assisted suicide, mercy killing, or homicide under the law.

Section 18

1. Except as provided in subsection 2 of this section and section 20:
   a. No person shall be subject to civil or criminal liability or professional disciplinary action for participating in good faith compliance with this initiative including being present when a qualified patient takes the prescribed medication to end his or her life in a humane and dignified manner;
   b. No professional organization or association or health care provider shall subject a person to censure, discipline, suspension, loss of license, loss of privileges, loss of membership, or other penalty for participating or refusing to participate in good faith compliance with this initiative;
   c. No request by a patient for or provision by an attending physician of medication in good faith compliance with this initiative shall constitute neglect for any purpose of law or provide the sole basis for the appointment of a guardian or conservator; and
   d. No health care provider shall be under any duty, whether by contract, statute, or any other legal requirement to participate in the provision to a qualified patient of medication to end his or her life in a humane and dignified manner. If a health care provider is unable or unwilling to carry out a patient's request under this initiative and the patient transfers his or her care to a new health care provider, the prior health care provider shall, upon request, transfer a copy of the patient's relevant medical records to the new health care provider.

2. (1) Notwithstanding any other provision of law, a health care provider may prohibit another health care provider from participating under the Missouri death with dignity act on the premises of the prohibiting provider if the prohibiting provider has notified the health care provider of the prohibiting provider's policy regarding participation in the Missouri death with dignity act. Nothing in this subdivision shall prevent a health care provider from providing health care services to a patient that do not constitute participation in the Missouri death with dignity act.
   (2) Notwithstanding the provisions of subsection 1 of this section, a health care provider may subject another health care provider to the following sanctions if the sanctioning health care provider has notified the sanctioning provider prior to participation under this initiative that it prohibits participation in the Missouri death with dignity act:
   (a) Loss of privileges, loss of membership, or other sanctions provided under the medical staff bylaws, policies, and procedures of the sanctioning health care provider if the sanctioned provider is a member of the sanctioning provider's medical staff and participates under the Missouri death with dignity act while on the health care facility premises of the sanctioning health care provider, but not including the private medical office of a physician or other provider;
   (b) Termination of a lease or other property contract or other nonmonetary remedies provided by a lease contract, not including loss or restriction of medical staff privileges or exclusion from a provider panel, if the sanctioned provider participates under the Missouri death with dignity act while on the premises of the sanctioning health care provider or on property that is owned by or under the direct control of the sanctioning health care provider; or

(c) Termination of a contract or other nonmonetary remedies provided by contract if the sanctioned provider participates under the Missouri death with dignity act while acting in the course and scope of the sanctioned provider's capacity as an employee or independent contractor of the sanctioning health care provider. Nothing in this paragraph shall be construed to prevent:

a. A health care provider from participating under the Missouri death with dignity act while acting outside the course and scope of the provider's capacity as an employee or independent contractor; or

b. A patient from contracting with his or her attending physician and consulting physician to act outside the course and scope of the provider's capacity as an employee or independent contractor of the sanctioning health care provider.

(3) A health care provider that imposes sanctions under subdivision (2) of this subsection shall follow all due process and other procedures the sanctioning health care provider may have that are related to the imposition of sanctions on another health care provider.

(4) For the purposes of this subsection, the following terms shall mean:

(a) "Notify", a separate statement in writing to the health care provider specifically informing the health care provider before the provider's participation under the Missouri death with dignity act of the sanctioning health care provider's policy about participation in activities covered by the Missouri death with dignity act;

(b) "Participate under the Missouri death with dignity act", to perform the duties of an attending physician under section 5, the consulting physician function under section 5, or the counseling function under section 6. Participate under the Missouri death with dignity act does not include:

a. Making an initial determination that a patient has a terminal disease and informing the patient of the medical prognosis;

b. Providing information about the Missouri death with dignity act to a patient upon the request of the patient;

c. Providing a patient, upon the request of the patient, with a referral to another physician; or

d. A patient contracting with his or her attending physician and consulting physician to act outside of the course and scope of the provider's capacity as an employee or independent contractor of the sanctioning health care provider.

3. Suspension or termination of staff membership or privileges under subsection 2 of this section is not reportable to the department or state board of registration for the healing arts. Action taken under sections 3 to 6 shall not be the sole basis for a report of unprofessional conduct.

4. No provision of this initiative shall be construed to allow a lower standard of care for patients in the community where the patient is treated or a similar community.

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1. A person, who without authorization of the patient, willfully alters or forges a request for medication or conceals or destroys a rescission of that request with the intent or effect of causing the patient's death is guilty of a class A felony.

2. A person who coerces or exerts undue influence on a patient to request medication to end the patient's life or to destroy a rescission of a request is guilty of a class A felony.

3. Nothing in this initiative shall limit further liability for civil damages resulting from other negligent conduct or intentional misconduct by any person.

4. The penalties in this initiative do not preclude criminal penalties applicable under other law for conduct that is inconsistent with this initiative.

Section 20

Any governmental entity that incurs costs resulting from a person terminating his or her life under this initiative in a public place has a claim against the estate of the person to recover such costs and reasonable attorneys' fees related to enforcing the claim.

Section 21

A request for a medication as authorized by this initiative shall be in substantially the following form:

REQUEST FOR MEDICATION TO END MY LIFE

IN A HUMANE AND DIGNIFIED MANNER

I, ..., am an adult of sound mind.

I am suffering from ....., which my attending physician has determined is a terminal disease and which has been medically confirmed by a consulting physician. I have been fully informed of my diagnosis, prognosis, the nature of medication to be prescribed and potential associated risks, the expected result, and the feasible

alternatives, including comfort care, hospice care, and pain control. I request that my attending physician prescribe medication that will end my life in a humane and dignified manner.

INITIAL ONE:

..... I have informed my family of my decision and taken their opinions into consideration.

..... I have decided not to inform my family of my decision.

..... I have no family to inform of my decision.

I understand that I have the right to rescind this request at any time.

I understand the full import of this request and I expect to die when I take the medication to be prescribed. I further understand that although most deaths occur within three hours, my death may take longer, and my physician has counseled me about this possibility.

I make this request voluntarily and without reservation, and I accept full moral responsibility for my actions.

Signed: .....

Dated: .....

DECLARATION OF WITNESSES

We declare that the person making and signing the above request:

(1) Is personally known to us or has provided proof of identity;

(2) Signed this request in our presence on the date of the person's signature;

(3) Appears to be of sound mind and not under duress, fraud, or undue influence;

and

(4) Is not a patient for whom either of us is the attending physician.

..... Witness 1/Date

..... Witness 2/Date

NOTE: One witness shall not be a relative (by blood, marriage, or adoption) of the person signing this request, shall not be entitled to any portion of the person's estate upon death, and shall not own, operate, or be employed at a health care facility where the person is a patient or resident. If the patient is an inpatient at a health care facility, one of the witnesses shall be an individual designated by the facility.

Section 22

1. Any person who, without authorization of the principal, willfully alters, forges, conceals, or destroys an instrument, the reinstatement or revocation of an instrument, or any other evidence or document reflecting the principal's desires and interests with the intent and effect of causing a withholding or withdrawal of life-sustaining procedures or of artificially administered nutrition and hydration which hastens the death of the principal is guilty of a class A felony.

2. Except as provided in subsection 1 of this section, any person who, without authorization of the principal, willfully alters, forges, conceals, or destroys an instrument, the reinstatement or revocation of an instrument, or any other evidence or document reflecting the principal's desires and interests with the intent and effect of affecting a health care decision is guilty of a class A misdemeanor.

RECEIVED
JAN 0 3 2017
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 3, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Natalie Meyer regarding a proposed statutory amendment to Chapter 191 (2018-119)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Natalie Meyer on January 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town, or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
JAN 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say [print or type names of signers]

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number)(Street) (City, town, or village)	ZIP CODE	CONGR. DIST.	NAME (Printed or typed)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town, or village correctly, and that each signer is a registered voter in the state of Missouri and _____ County.

FURTHERMORE, I HEARBY SWEAR OR AFFIRM UNDER PENALTY OF PREJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do____ do not____ (check one) expect to be paid for circulating this petition.

_____
(Name of payer)

_____
Signature of Affiant (person obtaining signatures)

_____
Printed name of Affiant

_____
Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____ day of _____, A.D. 201___.

_____
Signature of Notary

_____
Address of Notary (Street, City, State & Zip Code)

My commission expires _____.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF MISSOURI:

The proposed initiative will amend Chapter 191 of Missouri Revised Statutes by adding twenty-two new sections.

These twenty-two sections shall be known and cited as the "Missouri Death with Dignity Act".

Section 1.

In said sections, the following terms shall mean:

(1) "Adult", any individual who is eighteen years of age or older.

(2) "Attending physician", the physician who has primary responsibility for the care of the patient and treatment of the patient's terminal disease.

(3) "Capable", in the opinion of a court or in the opinion of the patient's attending physician or consulting physician, psychiatrist or psychologist, a patient has the ability to make and communicate health care decisions to health care providers, including communication through persons familiar with the patient's manner of communicating if those persons are available.

(4) "Consulting physician", a physician who is qualified by specialty or experience to make a professional diagnosis and prognosis regarding the patient's disease.

(5) "Counseling", one or more consultations as necessary between a state licensed psychiatrist or psychologist and a patient for the purpose of determining that the patient is capable and not suffering from a psychiatric or psychological disorder or depression causing impaired judgment.

(6) "Health care provider", a person licensed, certified or otherwise authorized or permitted by the law of this state to administer health care or dispense medication in the ordinary course of business or practice of a profession, and includes a health care facility.

(7) "Informed decision", a decision by a qualified patient, to request and obtain a prescription to end his or her life in a humane and dignified manner, that is based on an appreciation of the relevant facts and after being fully informed by the attending physician of:

a. His or her medical diagnosis;

b. His or her prognosis;

c. The potential risks associated with taking the medication to be prescribed;

d. The probable result of taking the medication to be prescribed; and

e. The feasible alternatives, including, but not limited to, comfort care, hospice care and pain control.

(8) "Medically confirmed", the medical opinion of the attending physician has been confirmed by a consulting physician who has examined the patient and the patient's relevant medical records.

(9) "Patient", a person who is under the care of a physician.

(10) "Physician", a doctor of medicine or osteopathy licensed to practice medicine in the state of Missouri

(11) "qualified patient", a capable adult who is a resident of this state and has satisfied the requirements of this initiative in order to obtain a prescription for medication to end his or her life in a humane and dignified manner.

(12) "Terminal disease", an incurable and irreversible disease that has been medically confirmed and shall, within reasonable medical judgment, produce death within six months.

Section 2.

1. An adult who:
   a. Is capable;
   b. Is a residence of this state;
   c. Has been determined by the attending physician and consulting physician to be suffering from a terminal disease; and
   d. Has voluntarily expressed his or her wish to die;

may make a written request for medication for the purpose of ending his or her life in a humane and dignified manner in accordance with this initiative.

2. No person shall qualify under this initiative solely because of age or disability.

Section 3.

1. A valid request for medication under this initiative shall be in substantially the form described in section 20, signed and dated by the patient, and witnessed by at least two individuals who, in the presence of the patient, attest that to the best of their knowledge and belief the patient is capable, acting voluntarily, and is not being coerced to sign the request.
2. One of the witnesses shall be a person who is not:
   a. A relative of the patient by blood, marriage, or adoption;
   b. A person, who at the time the request is signed, would be entitled to any portion of the estate of the qualified patient upon death under any will or by operation of law; or
   c. An owner, operator, or employee of a health care facility where the qualified patient is receiving medical treatment or is a resident
3. The patient's attending physician at the time the request is signed shall not be a witness.

If the patient is in a long-term care facility at the time the written request is made, one of the witnesses shall be an individual designated by the facility and having the qualifications specified by the department of health and senior services by rule.

Section 4

1. The attending physician shall:
   A. Make the initial determination of whether a patient has a terminal disease, is capable, and has made the request voluntarily;
   B. Request that the patient demonstrate Missouri state residency under section 13;
   C. To ensure that the patient is making an informed decision, inform the patient of:
      a. His or her medical diagnosis;
      b. His or her prognosis;
      c. The potential risks associated with taking the medication to be prescribed;
      d. The probable result of taking the medication to be prescribed; and
      e. The feasible alternatives including, but not limited to, comfort care, hospice care, and pain control;
   D. Refer the patient to a consulting physician for medical confirmation of the diagnosis and for a determination that the patient is capable and acting voluntarily;
   E. Refer the patient for counseling if appropriate under section 6;
   F. Recommend that the patient notify next of kin;
   G. Counsel the patient about the importance of having another person present when the patient takes the medication prescribed under this legislation and of not taking the medication in a public place;
   H. Inform the patient that he or she has an opportunity to rescind the request at any time and in any manner, and offer the patient an opportunity to rescind at the end of the fifteen-day waiting period under section 9;
   I. Verify, immediately before writing the prescription for medication under this initiative, that the patient is making an informed decision;
   J. Fulfill the medical record documentation requirements of section 12;
   K. Ensure that all appropriate steps are carried out in accordance with this initiative prior to writing a prescription for medication to enable a qualified patient to end his or her life in a humane and dignified manner; and
   L. I. Dispense medications directly, including ancillary medications intended to facilitate the desired effect to minimize the patient's discomfort, provided that the attending physician is authorized under state law and rule to dispense, has a current drug enforcement administration certificate, and complies with any applicable administrative rule; or
   II. With the patient's written consent:
      a. Contact a pharmacist and inform the pharmacist of the prescription; and
      b. Deliver the written prescription personally, by mail, or facsimile to the pharmacist, who shall dispense the medications to either the patient, the attending physician, or an expressly identified agent of the patient.

2. Notwithstanding any other provision of law, the attending physician may sign the patient's death certificate.

Section 5

Before a patient is qualified under this initiative, a consulting physician shall examine the patient and his or her relevant medical records and confirm in writing the attending physician's diagnosis that the patient is suffering from a terminal disease and verify that the patient is capable, is acting voluntarily, and has made an informed decision.

Section 6

If, in the opinion of the attending physician or the consulting physician, a patient may be suffering from a psychiatric or psychological disorder or depression causing impaired judgment, either physician shall refer the patient for counseling. No medication to end a patient's life in a humane and dignified manner shall be prescribed until the person performing the counseling determines that the patient is not suffering from a psychiatric or psychological disorder or depression causing impaired judgment.

Section 7

No person shall receive a prescription for medication to end his or her life in a humane and dignified manner unless he or she has made an informed decision, as defined in section 1. Immediately prior to writing a prescription for medication under this initiative, the attending physician shall verify that the qualified patient is making an informed decision.

Section 8

The attending physician shall recommend that the patient notify the next of kin of his or her request for medication under this initiative. A patient who declines or is unable to notify next of kin shall not have his or her request denied for that reason.

Section 9

In order to receive a prescription for medication to end his or her life in a humane and dignified manner, a qualified patient shall have made an oral request and a written request and reiterate the oral request to his or her attending physician at least fifteen days after making the initial oral request. At the time the qualified patient makes his or her second oral request, the attending physician shall offer the qualified patient an opportunity to rescind the request.

Section 10

A patient may rescind his or her request at any time and in any manner without regard to his or her mental state. No prescription for medication under this initiative shall be written without the attending physician offering the qualified patient an opportunity to rescind the request.

Section 11

No less than fifteen days shall elapse between the patient's initial oral request and the writing of a prescription under this initiative. No less than forty-eight hours shall elapse between the date of the patient's written request and the writing of a prescription under this initiative.

Section 12

The following shall be documented or filed in the patient's medical record:

(1) All oral requests made by the patient for medication to end his or her life in a humane and dignified manner;

(2) All written requests made by the patient for medication to end his or her life in a humane and dignified manner;

(3) The attending physician's diagnosis and prognosis and determination that the patient is capable, is acting voluntarily, and has made an informed decision;

(4) The consulting physician's diagnosis and prognosis and verification that the patient is capable, is acting voluntarily, and has made an informed decision;

(5) A report of the outcome and determinations made during counseling, if performed;

(6) The attending physician's offer to the patient to rescind his or her request at the time of the patient's second oral request under section 9; and

(7) A note by the attending physician indicating that all requirements under this initiative have been met and indicating the steps taken to carry out the request including a notation of the medication prescribed.

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Only requests made by Missouri residents under this initiative shall be granted. Factors demonstrating Missouri residency include, but are not limited to:

(1) Possession of a Missouri driver's license;

(2) Registration to vote in Missouri;

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   b. No professional organization or association or health care provider shall subject a person to censure, discipline, suspension, loss of license, loss of privileges, loss of membership, or other penalty for participating or refusing to participate in good faith compliance with this initiative;
   c. No request by a patient for or provision by an attending physician of medication in good faith compliance with this initiative shall constitute neglect for any purpose of law or provide the sole basis for the appointment of a guardian or conservator; and
   d. No health care provider shall be under any duty, whether by contract, statute, or any other legal requirement to participate in the provision to a qualified patient of medication to end his or her life in a humane and dignified manner. If a health care provider is unable or unwilling to carry out a patient's request under this initiative and the patient transfers his or her care to a new health care provider, the prior health care provider shall, upon request, transfer a copy of the patient's relevant medical records to the new health care provider.

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IN A HUMANE AND DIGNIFIED MANNER

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INITIAL ONE:

..... I have informed my family of my decision and taken their opinions into consideration.

..... I have decided not to inform my family of my decision.

..... I have no family to inform of my decision.

I understand that I have the right to rescind this request at any time.

I understand the full import of this request and I expect to die when I take the medication to be prescribed. I further understand that although most deaths occur within three hours, my death may take longer, and my physician has counseled me about this possibility.

I make this request voluntarily and without reservation, and I accept full moral responsibility for my actions.

Signed: .....

Dated: .....

DECLARATION OF WITNESSES

We declare that the person making and signing the above request:

(1) Is personally known to us or has provided proof of identity;

(2) Signed this request in our presence on the date of the person's signature;

(3) Appears to be of sound mind and not under duress, fraud, or undue influence;

and

(4) Is not a patient for whom either of us is the attending physician.

..... Witness 1/Date

..... Witness 2/Date

NOTE: One witness shall not be a relative (by blood, marriage, or adoption) of the person signing this request, shall not be entitled to any portion of the person's estate upon death, and shall not own, operate, or be employed at a health care facility where the person is a patient or resident. If the patient is an inpatient at a health care facility, one of the witnesses shall be an individual designated by the facility.

Section 22

1. Any person who, without authorization of the principal, willfully alters, forges, conceals, or destroys an instrument, the reinstatement or revocation of an instrument, or any other evidence or document reflecting the principal's desires and interests with the intent and effect of causing a withholding or withdrawal of life-sustaining procedures or of artificially administered nutrition and hydration which hastens the death of the principal is guilty of a class A felony.

2. Except as provided in subsection 1 of this section, any person who, without authorization of the principal, willfully alters, forges, conceals, or destroys an instrument, the reinstatement or revocation of an instrument, or any other evidence or document reflecting the principal's desires and interests with the intent and effect of affecting a health care decision is guilty of a class A misdemeanor.

RECEIVED
JAN 0 3 2017
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 3, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV (2018-118)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on January 3, 2017.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
JAN 03 2017
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1					
2					
3					
4					
5					
6					
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8					
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10					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
Signature of Notary

Notary Public (Seal) .....

My commission expires.....

.....
Address of Notary .

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Cannabis Treatment Amendment

2. Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof. This Amendment shall apply to all rsmo mentioning marijuana.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.

a) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

b) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.

4. The Missouri legislature may pass laws that doesn't conflict with this amendment. Medical cannabis, commonly known as marijuana, shall be available to patients who with a doctor's recommendation and Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section two; clause a of this amendment, shall be available with a doctor's recommendation. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture:

a) All Missouri patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

f) Primary caregiver shall not be subjected to criminal or civil charges for providing cannabis to patients who been given a doctor's a medical professional.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for medical treatment to a person engaged in personal use.

6. Medical dispensaries shall verify the following:

a) The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.

b) If, primary caregiver, the dispensary verifies the patient and the primary caregiver.

c) The patient's 9 digit random alphabet. Dispensaries my issue a random alphabet after verifying the Doctor's Recommendation.

d) Retail cannabis products for medical use shall contain appropriate labeling, which outlines the weight and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis. Labels shall not be false or misleading, and should be based on data derived from scientific study and prevailing human experience

7. The Department of Health and Human Services shall issue 9 digit random alphabet out to patients and keep records of the alphabet on a state wide registry. The registry is to verify it's a patient and it shall not be subjected to Sunshine request under rsmo chapter 610. No law enforcement agency my access the list without a warrant. Law enforcement agencies my only view a printed list but not electronically. Dispensaries shall the Register with the the Department of Health and Human Services for:

a) licensing and regulations

b) paying fees of no more than $100.00

c) to assist with the 9 digit random alphabet registry.

8. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court.

9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer.

manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.
11. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.This shall
12. become effective on December 6th 2018.

In the November general of 2020, voters shall vote to repeal the above sections 1 through 12 & replace it with the below section 13 through 25. A yes vote approve the repeal above sections 1 through 12 and replace with below sections 13 through 25. If voters fail shall to vote yes, the above sections 1 though 12 remains and voters shall vote again every four years until voters vote yes.

13.The following shall be called the Cannabis Legalization Amendment

14.Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

15. The Missouri legislature my pass laws that doesn't conflict with this amendment. Marijuana shall shall not be listed in Missouri Controlled Substance to reflect the change that cannabis as defined in section 14; clause a, are permitted for personal use for persons 21 of age or older and shall be available with a doctor's recommendation without an age limit. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture.

a) Adult Possession of cannabis for personal at 21 years or older.

b) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

c) Providing cannabis, cannabis accessories, and products for sale to consumers. Retail cannabis products for medical or personal use shall contain appropriate labeling, which outlines the weight and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis. Labels shall not be false or misleading, and should be based on data derived from scientific study and prevailing human experience

16. Medical cannabis shall be available to patients who have a physician's recommendation.

a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for, nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.

Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

17. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.

18. Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for medical treatment

19. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.

20. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for nonviolent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.

(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related nonviolent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.

21. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.

22. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

23. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

24. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:

25. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

RECEIVED
JAN 0 3 2017
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

January 3, 2017

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Charles Jones regarding a proposed constitutional amendment to Article IV (2018-117)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Charles Jones on December 30, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2016, and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town, or village in which I live are correctly written after my name.

(OFFICIAL BALLOT TITLE)

RECEIVED
DEC 30 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONG. DIST	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
(Printed Name of Affiant)

_____
Address of Affiant

Subscribed and sworn to before me this ____ day of _____, A.D. _____.

_____
Signature of Notary

Address of Notary:_____

_____

Notary Public (Seal)
My Commission expires: _____

Missouri Constitution Article IV

BE IT RESOLVED *by the people of the state of Missouri that the Constitution be amended:*

One new section is adopted by adding one new section to be known as section 54 of Article IV. This amendment shall implicitly repeal the following RSMo sections: [RSMo sections 105.1105; 105.1108; 105.1112; 195.010(10)(b)c; 195.010(10)(d); 195.010(17)(g); 195.010(17)(l); 195.010(24); 195.017.2(4)(r); 195.017.2(4)(w); 195.017.2(4)(ee); 195.207; 196.100; 263.250; 577.024.1(2); 579.015; 579.020; 579.030; 579.055; 579.065; 579.068; 579.105]

One new section is adopted by adding one new section to be known as section 54 of Article IV to read as follows:

Section 54.1. This section shall be known as the "Missouri Legalization and Regulation of Cannabis and Cannabis Hemp Initiative."

2. Cannabis shall immediately be removed from the Missouri list of controlled substances and shal no longer be listed among Missouri's drug schedules.

3. The following definitions shall be applied to the terms used in this section:
(1) "Cannabis" and "cannabis hemp" refer to Cannabis, Marijuana, Cannabis Sativa, Cannabis Indica, Cannabis Ruderalis or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle preparation, resin, root, salt, seed, stalk, stem, stem, or any product thereof.

(2). "Medical cannabis" refers to physician recommended use .

(3) "Cannabis accessories" means any equipment, products or materials of any kind that are used or intended for use, planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis or for ingesting, inhaling, vaporizing, smoking, or otherwise introducing cannabis into or onto the human body.

(4) "Establishment" refers to a cannabis cultivation facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares, manufactures, packages, transports, or sells cannabis products or accessories.

(5) "Minor" refers to anyone under 18 years of age.

4. Cannabis or its products shall not be sold to anyone under 18 years of age. Anyone under 18 years of age shall have access to cannabis through physician recommendation or consent from parent/legal guardian.
(1) No minor shall be criminally prosecuted for possession of cannabis or its products.

5. The following acts are not unlawful and shall not be an offense under Missouri law:
(1) Possession of cannabis for personal or medical use;

(2) Cultivating cannabis for personal or medical use that obey current agricultural zoning restrictions;

(3) Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri;

(4) Providing cannabis, cannabis accessories and products for sale to consumers. Any product to be sold to the public must be tested for purity and weight;

(5) Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (1) through (5) of this subsection;

(6) The possession of cannabis is not to be the sole reason for issuing a D.U.I. (Driving under the influence), arrest or fines when operating a motor vehicle.

6. Patient rights: Cannabis shall be available to all patients regardless of age, without taxation when physician recommended.

7. Anyone currently incarcerated for nonviolent cannabis related crimes shall immediately be released and all charges for cannabis crimes expunged.
(1) Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related non-violent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

8. No state or federal funds shall be used to enforce federal laws which are no longer illegal in the state of Missouri.
(1) Any person who willfully impedes the lawful exercise of these provisions is guilty of a class A misdemeanor.

9. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirements or licensing fee that is discriminative, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

10. Pursuant to the ninth and tenth amendments to the Constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.

11. All provisions of this section are self-executing and severable and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state, or federal statutory, local charter, ordinance or resolution. If any provision of this section is found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted, the remaining provisions of this section shall be and remain valid.

12. If any rival or conflicting initiative regulating any matter addressed by this act receives the higher affirmative vote, then all non-conflicting parts shall become operative.

13. The dictates of this initiative shall be implemented no later than April 20th following the election that placed this initiative before the people.

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 30, 2016

RECEIVED
DEC 30 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Natalie Meyer regarding a proposed statutory amendment to Chapter 191 (2018-116)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Natalie Meyer on December 29, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County
Page No. ____

It is a class A misdemeanor punishable, notwithstanding provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town, or village in which I live are correctly written after my name.

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

	NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number)(Street) (City, town, or village)	ZIP CODE	CONGR. DIST.	NAME (Printed or typed)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

I, _____, being first duly sworn, say [print or type names of signers] signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town, or village correctly, and that each signer is a registered voter in the state of Missouri and _____ County.

FURTHERMORE, I HEARBY SWEAR OR AFFIRM UNDER PENALTY OF PREJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do do not _ (check one) expect to be paid for circulating this petition.

(Name of payer) Signature of Affiant (person obtaining signatures)

Printed name of Affiant

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this day of _____, A.D. 201_.

Signature of Notary

Address of Notary (Street, City, State & Zip Code)

My commission expires

BE IT ENACTED BY THE PEOPLE OF THE STATE OF MISSOURI:

The proposed initiative will amend Chapter 191 of Missouri Revised Statutes by adding twenty-two new sections.

These twenty-two sections shall be known and cited as the "Missouri Death with Dignity Act".

Section 1.

In said sections, the following terms shall mean:

(1) "Adult", any individual who is eighteen years of age or older.

(2) "Attending physician", the physician who has primary responsibility for the care of the patient and treatment of the patient's terminal disease.

(3) "Capable", in the opinion of a court or in the opinion of the patient's attending physician or consulting physician, psychiatrist or psychologist, a patient has the ability to make and communicate health care decisions to health care providers, including communication through persons familiar with the patient's manner of communicating if those persons are available.

(4) "Consulting physician", a physician who is qualified by specialty or experience to make a professional diagnosis and prognosis regarding the patient's disease.

(5) "Counseling", one or more consultations as necessary between a state licensed psychiatrist or psychologist and a patient for the purpose of determining that the patient is capable and not suffering from a psychiatric or psychological disorder or depression causing impaired judgment.

(6) "Health care provider", a person licensed, certified or otherwise authorized or permitted by the law of this state to administer health care or dispense medication in the ordinary course of business or practice of a profession, and includes a health care facility.

(7) "Informed decision", a decision by a qualified patient, to request and obtain a prescription to end his or her life in a humane and dignified manner, that is based on an appreciation of the relevant facts and after being fully informed by the attending physician of:

a. His or her medical diagnosis;

b. His or her prognosis;

c. The potential risks associated with taking the medication to be prescribed;

d. The probable result of taking the medication to be prescribed; and

e. The feasible alternatives, including, but not limited to, comfort care, hospice care and pain control.

(8) "Medically confirmed", the medical opinion of the attending physician has been confirmed by a consulting physician who has examined the patient and the patient's relevant medical records.

(9) "Patient", a person who is under the care of a physician.

(10) "Physician", a doctor of medicine or osteopathy licensed to practice medicine in the state of Missouri

(11) "qualified patient", a capable adult who is a resident of this state and has satisfied the requirements of this initiative in order to obtain a prescription for medication to end his or her life in a humane and dignified manner.

(12) "Terminal disease", an incurable and irreversible disease that has been medically confirmed and shall, within reasonable medical judgment, produce death within six months.

Section 2.

1. An adult who:
   a. Is capable;
   b. Is a residence of this state;
   c. Has been determined by the attending physician and consulting physician to be suffering from a terminal disease; and
   d. Has voluntarily expressed his or her wish to die;

may make a written request for medication for the purpose of ending his or her life in a humane and dignified manner in accordance with this initiative.

2. No person shall qualify under this initiative solely because of age or disability.

Section 3.

1. A valid request for medication under this initiative shall be in substantially the form described in section 20, signed and dated by the patient, and witnessed by at least two individuals who, in the presence of the patient, attest that to the best of their knowledge and belief the patient is capable, acting voluntarily, and is not being coerced to sign the request.
2. One of the witnesses shall be a person who is not:
   a. A relative of the patient by blood, marriage, or adoption;
   b. A person, who at the time the request is signed, would be entitled to any portion of the estate of the qualified patient upon death under any will or by operation of law; or
   c. An owner, operator, or employee of a health care facility where the qualified patient is receiving medical treatment or is a resident
3. The patient's attending physician at the time the request is signed shall not be a witness.

If the patient is in a long-term care facility at the time the written request is made, one of the witnesses shall be an individual designated by the facility and having the qualifications specified by the department of health and senior services by rule.

Section 4

1. The attending physician shall:
   A. Make the initial determination of whether a patient has a terminal disease, is capable, and has made the request voluntarily;
   B. Request that the patient demonstrate Missouri state residency under section 13;
   C. To ensure that the patient is making an informed decision, inform the patient of:
      a. His or her medical diagnosis;
      b. His or her prognosis;
      c. The potential risks associated with taking the medication to be prescribed;
      d. The probable result of taking the medication to be prescribed; and
      e. The feasible alternatives including, but not limited to, comfort care, hospice care, and pain control;
   D. Refer the patient to a consulting physician for medical confirmation of the diagnosis and for a determination that the patient is capable and acting voluntarily;
   E. Refer the patient for counseling if appropriate under section 6;
   F. Recommend that the patient notify next of kin;
   G. Counsel the patient about the importance of having another person present when the patient takes the medication prescribed under this legislation and of not taking the medication in a public place;
   H. Inform the patient that he or she has an opportunity to rescind the request at any time and in any manner, and offer the patient an opportunity to rescind at the end of the fifteen-day waiting period under section 9;
   I. Verify, immediately before writing the prescription for medication under this initiative, that the patient is making an informed decision;
   J. Fulfill the medical record documentation requirements of section 12;
   K. Ensure that all appropriate steps are carried out in accordance with this initiative prior to writing a prescription for medication to enable a qualified patient to end his or her life in a humane and dignified manner; and
   L. I. Dispense medications directly, including ancillary medications intended to facilitate the desired effect to minimize the patient's discomfort, provided that the attending physician is authorized under state law and rule to dispense, has a current drug enforcement administration certificate, and complies with any applicable administrative rule; or
   II. With the patient's written consent:
      a. Contact a pharmacist and inform the pharmacist of the prescription; and
      b. Deliver the written prescription personally, by mail, or facsimile to the pharmacist, who shall dispense the medications to either the patient, the attending physician, or an expressly identified agent of the patient.

2. Notwithstanding any other provision of law, the attending physician may sign the patient's death certificate.

Section 5

Before a patient is qualified under this initiative, a consulting physician shall examine the patient and his or her relevant medical records and confirm in writing the attending physician's diagnosis that the patient is suffering from a terminal disease and verify that the patient is capable, is acting voluntarily, and has made an informed decision.

Section 6

If, in the opinion of the attending physician or the consulting physician, a patient may be suffering from a psychiatric or psychological disorder or depression causing impaired judgment, either physician shall refer the patient for counseling. No medication to end a patient's life in a humane and dignified manner shall be prescribed until the person performing the counseling determines that the patient is not suffering from a psychiatric or psychological disorder or depression causing impaired judgment.

Section 7

No person shall receive a prescription for medication to end his or her life in a humane and dignified manner unless he or she has made an informed decision, as defined in section 1. Immediately prior to writing a prescription for medication under this initiative, the attending physician shall verify that the qualified patient is making an informed decision.

Section 8

The attending physician shall recommend that the patient notify the next of kin of his or her request for medication under this initiative. A patient who declines or is unable to notify next of kin shall not have his or her request denied for that reason.

Section 9

In order to receive a prescription for medication to end his or her life in a humane and dignified manner, a qualified patient shall have made an oral request and a written request and reiterate the oral request to his or her attending physician at least fifteen days after making the initial oral request. At the time the qualified patient makes his or her second oral request, the attending physician shall offer the qualified patient an opportunity to rescind the request.

Section 10

A patient may rescind his or her request at any time and in any manner without regard to his or her mental state. No prescription for medication under this initiative shall be written without the attending physician offering the qualified patient an opportunity to rescind the request.

Section 11

No less than fifteen days shall elapse between the patient's initial oral request and the writing of a prescription under this initiative. No less than forty-eight hours shall elapse between the date of the patient's written request and the writing of a prescription under this initiative.

Section 12

The following shall be documented or filed in the patient's medical record:

(1) All oral requests made by the patient for medication to end his or her life in a humane and dignified manner;

(2) All written requests made by the patient for medication to end his or her life in a humane and dignified manner;

(3) The attending physician's diagnosis and prognosis and determination that the patient is capable, is acting voluntarily, and has made an informed decision;

(4) The consulting physician's diagnosis and prognosis and verification that the patient is capable, is acting voluntarily, and has made an informed decision;

(5) A report of the outcome and determinations made during counseling, if performed;

(6) The attending physician's offer to the patient to rescind his or her request at the time of the patient's second oral request under section 9; and

(7) A note by the attending physician indicating that all requirements under this initiative have been met and indicating the steps taken to carry out the request including a notation of the medication prescribed.

Section 13

Only requests made by Missouri residents under this initiative shall be granted. Factors demonstrating Missouri residency include, but are not limited to:

(1) Possession of a Missouri driver's license;

(2) Registration to vote in Missouri;

(3) Evidence that the person owns or leases property in Missouri; or

(4) Filing of a Missouri tax return for the most recent tax year.

Section 14

1. a. The department of health and senior services shall annually review all records maintained under this initiative.
   b. The department of health and senior services shall require any health care provider upon dispensing medication under this initiative to file a copy of the dispensing record with the department.

2. The department of health and senior services shall adopt rules to facilitate the collection of information regarding compliance with this initiative. Except as otherwise required by law, the information collected shall not be a public record and shall not be made available for inspection by the public.

3. The department of health and senior services shall generate and make available to the public an annual statistical report of information collected under subsection 2 of this section.

Section 15

1. No provision in a contract, will, or other agreement, whether written or oral, to the extent the provision would affect whether a person may make or rescind a request for medication to end his or her life in a humane and dignified manner, shall be valid.

2. No obligation owing under any currently existing contract shall be conditioned or affected by the making or rescinding of a request by a person for medication to end his or her life in a humane and dignified manner.

Section 16

The sale, procurement, or issuance of any life, health, or accident insurance or annuity policy or the rate charged for any policy shall not be conditioned upon or affected by the making or rescinding of a request by a person for medication to end his or her life in a humane and dignified manner. A qualified patient's act of ingesting medication to end his or her life in a humane and dignified manner shall not have an effect upon a life, health, or accident insurance or annuity policy.

Section 17

Nothing is this initiative shall be construed to authorize a physician or any other person to end a patient's life by lethal injection, mercy killing, or active euthanasia. Actions taken in accordance with this initiative shall not for any purpose constitute suicide, assisted suicide, mercy killing, or homicide under the law.

Section 18

1. Except as provided in subsection 2 of this section and section 20:
   a. No person shall be subject to civil or criminal liability or professional disciplinary action for participating in good faith compliance with this initiative including being present when a qualified patient takes the prescribed medication to end his or her life in a humane and dignified manner;
   b. No professional organization or association or health care provider shall subject a person to censure, discipline, suspension, loss of license, loss of privileges, loss of membership, or other penalty for participating or refusing to participate in good faith compliance with this initiative;
   c. No request by a patient for or provision by an attending physician of medication in good faith compliance with this initiative shall constitute neglect for any purpose of law or provide the sole basis for the appointment of a guardian or conservator; and
   d. No health care provider shall be under any duty, whether by contract, statute, or any other legal requirement to participate in the provision to a qualified patient of medication to end his or her life in a humane and dignified manner. If a health care provider is unable or unwilling to carry out a patient's request under this initiative and the patient transfers his or her care to a new health care provider, the prior health care provider shall, upon request, transfer a copy of the patient's relevant medical records to the new health care provider.

2. (1) Notwithstanding any other provision of law, a health care provider may prohibit another health care provider from participating under the Missouri death with dignity act on the premises of the prohibiting provider if the prohibiting provider has notified the health care provider of the prohibiting provider's policy regarding participation in the Missouri death with dignity act. Nothing in this subdivision shall prevent a health care provider from providing health care services to a patient that do not constitute participation in the Missouri death with dignity act.
   (2) Notwithstanding the provisions of subsection 1 of this section, a health care provider may subject another health care provider to the following sanctions if the sanctioning health care provider has notified the sanctioning provider prior to participation under this initiative that it prohibits participation in the Missouri death with dignity act:
   (a) Loss of privileges, loss of membership, or other sanctions provided under the medical staff bylaws, policies, and procedures of the sanctioning health care provider if the sanctioned provider is a member of the sanctioning provider's medical staff and participates under the Missouri death with dignity act while on the health care facility premises of the sanctioning health care provider, but not including the private medical office of a physician or other provider;
   (b) Termination of a lease or other property contract or other nonmonetary remedies provided by a lease contract, not including loss or restriction of medical staff privileges or exclusion from a provider panel, if the sanctioned provider participates under the Missouri death with dignity act while on the premises of the sanctioning health care provider or on property that is owned by or under the direct control of the sanctioning health care provider; or

(c) Termination of a contract or other nonmonetary remedies provided by contract if the sanctioned provider participates under the Missouri death with dignity act while acting in the course and scope of the sanctioned provider's capacity as an employee or independent contractor of the sanctioning health care provider. Nothing in this paragraph shall be construed to prevent:

a. A health care provider from participating under the Missouri death with dignity act while acting outside the course and scope of the provider's capacity as an employee or independent contractor; or

b. A patient from contracting with his or her attending physician and consulting physician to act outside the course and scope of the provider's capacity as an employee or independent contractor of the sanctioning health care provider.

(3) A health care provider that imposes sanctions under subdivision (2) of this subsection shall follow all due process and other procedures the sanctioning health care provider may have that are related to the imposition of sanctions on another health care provider.

(4) For the purposes of this subsection, the following terms shall mean:

(a) "Notify", a separate statement in writing to the health care provider specifically informing the health care provider before the provider's participation under the Missouri death with dignity act of the sanctioning health care provider's policy about participation in activities covered by the Missouri death with dignity act;

(b) "Participate under the Missouri death with dignity act", to perform the duties of an attending physician under section 5, the consulting physician function under section 5, or the counseling function under section 6. Participate under the Missouri death with dignity act does not include:

a. Making an initial determination that a patient has a terminal disease and informing the patient of the medical prognosis;

b. Providing information about the Missouri death with dignity act to a patient upon the request of the patient;

c. Providing a patient, upon the request of the patient, with a referral to another physician; or

d. A patient contracting with his or her attending physician and consulting physician to act outside of the course and scope of the provider's capacity as an employee or independent contractor of the sanctioning health care provider.

3. Suspension or termination of staff membership or privileges under subsection 2 of this section is not reportable to the department or state board of registration for the healing arts. Action taken under sections 3 to 6 shall not be the sole basis for a report of unprofessional conduct.

4. No provision of this initiative shall be construed to allow a lower standard of care for patients in the community where the patient is treated or a similar community.

Section 19

1. A person, who without authorization of the patient, willfully alters or forges a request for medication or conceals or destroys a rescission of that request with the intent or effect of causing the patient's death is guilty of a class A felony.

2. A person who coerces or exerts undue influence on a patient to request medication to end the patient's life or to destroy a rescission of a request is guilty of a class A felony.

3. Nothing in this initiative shall limit further liability for civil damages resulting from other negligent conduct or intentional misconduct by any person.

4. The penalties in this initiative do not preclude criminal penalties applicable under other law for conduct that is inconsistent with this initiative.

Section 20

Any governmental entity that incurs costs resulting from a person terminating his or her life under this initiative in a public place has a claim against the estate of the person to recover such costs and reasonable attorneys' fees related to enforcing the claim.

Section 21

A request for a medication as authorized by this initiative shall be in substantially the following form:

REQUEST FOR MEDICATION TO END MY LIFE

IN A HUMANE AND DIGNIFIED MANNER

I, ... , am an adult of sound mind.

I am suffering from ..... which my attending physician has determined is a terminal disease and which has been medically confirmed by a consulting physician. I have been fully informed of my diagnosis, prognosis, the nature of medication to be prescribed and potential associated risks, the expected result, and the feasible

alternatives, including comfort care, hospice care, and pain control. I request that my attending physician prescribe medication that will end my life in a humane and dignified manner.

INITIAL ONE:

..... I have informed my family of my decision and taken their opinions into consideration.

..... I have decided not to inform my family of my decision.

..... I have no family to inform of my decision.

I understand that I have the right to rescind this request at any time.

I understand the full import of this request and I expect to die when I take the medication to be prescribed. I further understand that although most deaths occur within three hours, my death may take longer, and my physician has counseled me about this possibility.

I make this request voluntarily and without reservation, and I accept full moral responsibility for my actions.

Signed: .....

Dated: .....

DECLARATION OF WITNESSES

We declare that the person making and signing the above request:

(1) Is personally known to us or has provided proof of identity;

(2) Signed this request in our presence on the date of the person's signature;

(3) Appears to be of sound mind and not under duress, fraud, or undue influence;

and

(4) Is not a patient for whom either of us is the attending physician.

..... Witness 1/Date

..... Witness 2/Date

NOTE: One witness shall not be a relative (by blood, marriage, or adoption) of the person signing this request, shall not be entitled to any portion of the person's estate upon death, and shall not own, operate, or be employed at a health care facility where the person is a patient or resident. If the patient is an inpatient at a health care facility, one of the witnesses shall be an individual designated by the facility.

Section 22

1. Any person who, without authorization of the principal, willfully alters, forges, conceals, or destroys an instrument, the reinstatement or revocation of an instrument, or any other evidence or document reflecting the principal's desires and interests with the intent and effect of causing a withholding or withdrawal of life-sustaining procedures or of artificially administered nutrition and hydration which hastens the death of the principal is guilty of a class A felony.

2. Except as provided in subsection 1 of this section, any person who, without authorization of the principal, willfully alters, forges, conceals, or destroys an instrument, the reinstatement or revocation of an instrument, or any other evidence or document reflecting the principal's desires and interests with the intent and effect of affecting a health care decision is guilty of a class A misdemeanor.

STATE AUDITOR'S OFFICE
RECEIVED
DEC 23 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 23, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV (2018-115)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 22, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
DEC 22 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
(Address of Affiant)

Subscribed and sworn to before me this ..... day of ....., A.D.....

.....
(Signature of Notary)

.....
(Address of Notary).

Notary Public (Seal) .....

My commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Johnson Amendment II

2.Definition of terms, as used in this Amendment:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3. The Missouri legislature may pass laws that doesn't conflict with this amendment. Marijuana shall not be listed in Missouri Controlled Substance schedule in order to reflect change that cannabis as defined in Section two; clause a, are permitted for personal use for persons 18 of age or older and shall be available with a doctor's recommendation without an age limit. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture.

a) Adult Possession of cannabis for personal at 18 years or older.

b) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

c) Providing cannabis, cannabis accessories, and products for sale to consumers. Retail cannabis products for medical or personal use shall contain appropriate labeling, which outlines the weight and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis. Labels shall not be false or misleading, and should be based on data derived from scientific study and prevailing human experience

4. Medical cannabis shall be available to patients who have a physician's recommendation.

a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means. Parents or legal guardians shall not be prosecuted for providing cannabis related medical treatment to patients under the age of 18.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for, nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.

Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.

6. Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for medical treatment

7. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.

8. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for nonviolent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.

(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related nonviolent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.

9. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.

10. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

11. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

12. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri;

13. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-115)

Subject

Initiative petition from Damien Johnson regarding a proposed constitutional amendment to Article IV. (Received December 23, 2016)

Date

January 10, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Damien Johnson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated this proposal authorizes the Attorney General to develop and make available a form for the destruction of all cannabis-related nonviolent civil and criminal records in Missouri which shall be distributed to all circuit courts within the State. They assume they would need 1 Paralegal to assist with research and development of the form and destruction of relevant records, resulting in increased operating expenses of $60,853 for FY2018; $64,558 for FY2019; and $65,245 for FY2020.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $6,887,491 in fiscal year 2019, $7,338,556 in fiscal year 2020, $10,452,183 in fiscal year 2021 and thereafter.

Legalizing the possession and use of marijuana for persons 18 years or older would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple

concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY17 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will be no discharges from expungement but the reduction in the prison population will increase to 214. The field reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $6,887,491 and will be $10,452,183 after the 5th year.

If marijuana usage becomes legal it could impact the safety and security of our prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of our prisons.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will have no fiscal impact on their department but may increase state revenues if marijuana is subject to state sales tax.

Officials from the **Department of Public Safety** indicate they see no fiscal impact due to this initiative petition. They forwarded this to the Missouri State Highway Patrol for their response.

Officials from the **Missouri State Highway Patrol** indicated they expect increased operating costs of $426,236 for the first year implemented, $487,384 for the second year implemented, and $492,597 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

Criminal Justice Information Services Division

The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094
RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Divison

Currently, there are 29,904 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest records with a court conviction pertaining to individuals the age of 18 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only 30 percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require four FTE's. However, if a large number of these expungements were to be granted with even four FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 12 FTE's to complete this task in approximately one year.

The addition of 12 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 29,904 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

30% = 29,904 x .30 = 8,971 / 2,485 = 4 FTE's
50% = 29,904 x .50 = 14,952 / 2,485 = 6 FTE's
100% = 29,904 / 2,485 = 12 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing 30 percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for

office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

4 Quality Control Clerks ($1,015 x 24)	$97,440
Equipment/Office Furniture	$6,094

RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests. The Office of Administration states that 920 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft
Utility Costs	$2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in

sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. The definition of a "non-violent cannabis-only offense" needs to be added. It is unclear if individuals with the aforementioned conviction records are required to abide by the expungement process mandated by various other state statutes. Does the individual just complete and file a document with a circuit clerk and the record is expunged or does the "court," whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?

Their agency requests clarification of number 9 which states that no Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the state of Missouri under this amendment. Does this mean that the Highway Patrol could no longer participate in federal operations when requested?

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated Expungment: Title 49 Code of Federal Regulations (C.F.R.) 384.226 states that a "State must not mask, defer imposition of judgment, or allow an individual to enter into a diversion program that would prevent a CLP or CDL holder's conviction for any violation, in any type of motor vehicle, of a state or local traffic control law (other than parking, vehicle weight, or vehicle defect violations) from appearing on the CDL driver record, whether the driver was convicted for an offense committed in the State where the driver is licensed or another State." Additionally, 49 C.F.R. 384.225 lays out specific record keeping

requirements regarding the posting and maintaining of commercial driver's license (CDL) holders' records that states must meet in order to be in substantial compliance with Federal Motor Carrier Safety Regulations. These records include all convictions, disqualifications, and other licensing action for violations of any state or local law relating to motor vehicle traffic control (other than parking, vehicle weight, or vehicle defect violations) committed in any type of vehicle.

Fiscal Impact: Failure to comply with 49 C.F.R. 384.225 & 384.226 would result in a withholding of Missouri's federal-aid highway funds apportioned to it under each of Title 23, United States Code (U.S.C.), sections 104(b)(1), (b)(3), and (b)(4). The federal funds impacted consist of national highway performance program funds, highway safety improvement program funds and congestion mitigation and air quality improvement funds. The withholding amount would be 4% for the first year of non-compliance and 8% for the second and subsequent years.

Officials from the **Office of Administration** (OA) indicated:

This proposal adds Section 54 to Article IV of the Missouri Constitution.

The proposal:

- Removes marijuana from the list of controlled substances.
- Allows possession (for those 18 or older), production, cultivation and distribution of hemp, marijuana and cannabis.
- Allows the use of medical cannabis for patients with a physician's recommendation.
- Clarifies that certain crimes such as operating a motor vehicle under the influence of marijuana remain crimes.
- Upon passage of the proposal, requires the release of all persons incarcerated or on parole for non-violent, cannabis-only offenses which would no longer be illegal to be immediately released and their civil and criminal records expunged and destroyed.
- Prohibits Missouri law enforcement personnel or state funds from being used to enforce federal cannabis laws involving acts that would no longer be illegal upon passage of this proposal.
- Provides protection for cannabis farmers, manufacturers, processors and distributors from special zoning requirements, excessive licensing fees, etc. relative to other commercial or agricultural farmers, manufacturers, processors or distributors.
- Allows taxes to be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp.

This proposal should not impact their office.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Office of State Courts Administrator** indicated:

The proposed initiative petition would create a new section of the Missouri Constitution to be known as Article IV. This section would allow citizens at eighteen years or older to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to 2015 for Associate case types is 10,982. They are unable to determine what number of these charges were for someone over the age of eighteen.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund

Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund

Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri

Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes we contract all conflicts to private attorneys, which we are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated their city would receive less fine money, but that would be more than offset by no longer incurring the costs of prosecution/some expense will be required to expunge records. Sales taxes could be collected. No amount can be reasonably estimated. .

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **University of Central Missouri** indicated this petition would neither provide any fiscal savings, nor additional costs, for their university.

Damien Johnson provided the following information as a proponent of this initiative petition.

Annual state government operating costs would increase by at least $1 million with the total increase being unknown. Those costs would be offset by an unknown increase in fee and tax revenues. The fiscal impact to local governmental entities is unknown with some increase in revenue possible.

The net fiscal impact to state and local government is unknown based on the revenue generated by taxes and fees that could offset the operating cost.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

This proposal is estimated to result in annual state cost savings of $10 million. Annual state operating costs are estimated to increase by $600,000 to $1 million. Local law enforcement costs could increase.

RECEIVED
DEC 2 1 2016
STATE AUDITORS OFFICE

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

December 21, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article VIII (2018-114)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 21, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
DEC 21 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING F IORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of .....,A.D.....

.....
Signature of Notary

.....
Address of Notary .

Notary Public (Seal) .....

My commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This amendment repeals, in part or in whole, and amends various statutes and subsections relating to political parties. Including but not necessarily limited to RSMO 115.121, 115.122, 115.307, 115.309, 115.31, 115.315, 115.319, 115.321, 115.603, 115.605, 115.607 to 115.627,

Article VIII of the Missouri Constitution by creating a new section known as section 23 of Article VIII to read as follows:

a) Candidates running for United States Senate, United States Congress, Governor, Lt. Governor, Treasurer, Attorney General, Secretary of State, State Senate and State Representative shall be listed as a non-partisan candidate and no Party affiliation shall be listed next to a candidate.

b) Unless running in a special election or a runoff, all candidates shall run in a November election without running in a primary and required to win 50% plus one of the votes cast. If no candidates win 50% plus one of the votes cast, then there shall be a runoff between the top two candidates no later than 60 days after the November election.

c) Candidates shall not be charged more than $100 nor be required to collect signatures.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-114)

Subject

Initiative petition from Damien Johnson regarding a proposed constitutional amendment to Article VIII (Received December 21, 2016)

Date

January 10, 2017

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners.**

Damien Johnson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated this petition does not pertain to their department so, they will not be responding.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal enacts one new section in Article VIII, Section 23 to require non-partisan elections. This proposal should not have a fiscal impact for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated this measure changes the way primary and general elections are conducted. If passed, this measure is likely to have a significant effect on the costs of holding elections. There is potential for increased costs to produce ballots for both in-person and absentee voting. The language of this measure also potentially creates the possibility of three separate elections each cycle for state candidates: 1) an August primary for judges, 2) a November general election for all candidates, and 3) a possible run-off election following the November general election. It is also unclear how this measure will impact special elections. Many of the state's voting systems could potentially need to be replaced or upgraded at a quite significant cost under this measure. At this time the projected costs of this measure are unknown, but significant costs are likely to be incurred by both the state and local election authorities.

Additionally:

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an

estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated this initiative petition will not have a fiscal impact on their university.

Officials from the **Kansas City Board of Election Commissioners** indicated the financial impact with this amendment would be roughly $450,000, the cost of having a January election in our jurisdiction. Another issue would be the disenfranchising of Military and Absentee voters with a shorter election cycle (60 day). We would also worry about recruiting enough election workers to work the polls in the month of January. These are our concerns regarding this amendment.

Officials from the **Platte County Board of Elections** indicated their local government estimates the fiscal impact of this bill for fiscal years 2017, 2018, and 2019 to be as follows:

Revenues: None

Cost: Their office estimates the cost of this initiative to be $78,000 in even numbered years.

Technical notes:

The proposal leaves in-tact the primary contest for local candidates and the August election date. Under this proposal with a 50% +1 requirement 3 elections through the fall and winter of even years are all but guaranteed. Currently certification of an election cannot happen until the Friday after the election and the deadline is 2 weeks after the election. The “no more than 60 day rule” when combined with current absentee rules would have final certification and absentee voting beginning on the same day. Ballots will not be ready for six weeks of absentee voting. Additionally, the timeline sets the runoff election in the week between Christmas and New Year’s in most years.

Damien Johnson provided the following information as a proponent of this initiative petition.

The potential savings to governmental entities are unknown, but not likely to lead to a cost increase.

"But not likely" This initiative removes primaries and requires runoffs if no candidates in the race get a majority. Runoffs are required if no candidate gets a majority of the votes cast. Thus, since US congressional seats are what analysis consider safe seats, the state should expect cost savings of not having a primary nor runoff. Clay should win his seat with a majority. There should be some races that would have runoffs.

Hypothetically speaking, had this initiative been in effect for the US senate race last election, Roy Blunt and Jason Kander and all the less financed candidates would run in the general election. Then Blunt and Kander will be the only two candidates facing each other in a runoff. The cost of the race will shift from a primary to a runoff. Being that Blunt was the only statewide candidate who won by plurality statewide he'll be the only candidate running statewide in my hypothetical scenario.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, St. Louis County Board of Elections, Board of Election Commissioners City of St. Louis, Jackson County Election Board,** and **Clay County Board of Election Commissioners**.

Fiscal Note Summary

Local election authorities and the state will likely incur increased election-related costs estimated to be $528,000 per election cycle with the total costs being unknown, but likely significant.

RECEIVED
DEC 2 1 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 21, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article X (2018-113)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 21, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
DEC 21 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

	Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING F IORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of .....,A.D.....

.....
Signature of Notary

.....
Address of Notary .

Notary Public (Seal) .....

My commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article X section 26 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

Prohibition on new or local sales, use, or other similar transaction-based tax not [subject to such tax as of January 1, 2015]approved by voters. Mandate voter approval before funding or financing sport facilities.

A. Section 26. In order to prohibit an increase in the tax burden on the citizens of Missouri without voter approval, state and local sales and use taxes (or any similar transaction-based tax) shall not be expanded to impose taxes on any service or transaction that was [not subject to sales, use or similar transaction-based tax on January 1, 2015.] approved by voters.

B. Prohibit funding of sports and entertainment stadiums, centers recreation center or facilities without voter approval.

C. Prohibit expansion, extending, modifying, or amending current or future bonds, tax credits, without voter approval.

D. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

All provisions shall take effect immediately upon passage.

RECEIVED
DEC 2 1 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 21, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article I (2018-112)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 21, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
DEC 21 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING F IORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of .....,A.D.....

.....
Signature of Notary

.....
Address of Notary .

Notary Public (Seal) .....

My commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

35 of Article I of the Constitution of Missouri is amended by modifying section 35. The existing section 35 is set forth hereinafter with the new matter bold and deleted matter in brackets,

Definitions of terms, as used in this Act:

a) Cannabis: refers to the cannabis, marihuana, marijuana, cannabis, sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including but not limited to, derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof

b) Hemp: The fiber of this plant, extracted from the stem and used to make rope, fabrics, fiberboard, clothing, and paper. The sister plant of cannabis

That agriculture which provides food, energy, health benefits, and security is the foundation and stabilizing force of Missouri's economy. This section shall protect the right to grow cannabis and hemp. To protect this vital sector of Missouri's economy, the right of farmers and ranchers to engage in farming and ranching practices shall be forever guaranteed in this state, subject to duly authorized powers, if any, conferred by article VI of the Constitution of Missouri.

RECEIVED
DEC 2 1 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 21, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, version 2 (2018-111)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 21, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

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INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
DEC 21 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

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If paid, list the payer ....

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Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of .....,A.D.....

.....
Signature of Notary

.....
Address of Notary .

Notary Public (Seal) .....

My commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Cannabis Treatment Amendment

2. Definition of terms, as used in this Amendment:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof. This Amendment shall apply to all rsmo mentioning marijuana.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

b) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.

a) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

b) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.

4. Medical cannabis, commonly known as marijuana, shall be available to patients who with a doctor's recommendation and Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section two; clause a of this amendment, shall be available with a doctor's recommendation. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture:

a) All Missouri patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

f) Primary caregiver shall not be subjected to criminal or civil charges for providing cannabis to patients who been given a doctor's a medical professional.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for medical treatment to a person engaged in personal use.

6. Medical dispensaries shall verify the following:

a) The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.

b) If, primary caregiver, the dispensary verifies the patient and the primary caregiver.

c) The patient's 9 digit random alphabet. Dispensaries my issue a random alphabet after verifying residency.

d) Retail cannabis products for medical treatment use shall contain appropriate labeling, which outlines the weight and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis. Labels my be promotional, but shall not be false or misleading, and should be based on data derived from scientific study and prevailing human experience.

7. The Department of Health and Human Services shall issue 9 digit random alphabet out to patients and keep records of the alphabet on a state wide registry. The registry is to verify it's a Missouri patient and it shall not be subjected to Sunshine request under rsmo chapter 610. No law enforcement agency my access the list without a warrant. Law enforcement agencies my only view a printed list but not electronically. Dispensaries shall the Register with the the Department of Health and Human Services for:

a) licensing and regulations

b) paying fees of no more than $100.00

c) to assist with the 9 digit random alphabet registry.

8. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court.

9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.
11. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

13. This shall become effective on December 6th 2018.

In the November general of 2020, voters shall vote to repeal the above Amendment & replace it with the below Amendment. A yes vote approve the repeal above Amendment and replace with below Amendment. If voters fail shall to vote yes, the above Amendment remains and voters shall vote again every four years until voters vote yes.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Cannabis legalization Amendment

2.Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3. Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section two; clause a, are permitted for personal use for persons 21 of age or older and shall be available for medical treatment with a doctor's recommendation without an age limit. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture.

a) Adult Possession of cannabis for personal at 21 years or older.

b) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

c) Providing cannabis, cannabis accessories and products for sale to consumers. Retail cannabis products for medical treatment or personal use shall contain appropriate labeling, which outlines the weight and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis. Labels by be promotional, but shall not be false or misleading, and should be based on data derived from scientific study and prevailing human experience.

4. Medical cannabis shall be available to patients who have a physician's recommendation.

a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for, nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.

Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.

6. Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for medical treatment

7. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.

8. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for nonviolent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.

(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related nonviolent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.

9. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.

10. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

11. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

12. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:

13. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
DEC 2 1 2016
STATE AUDITORS OFFICE

December 21, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, version 1 (2018-110)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 21, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
DEC 21 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING F IORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
Address of Affiant

Subscribed and sworn to before me this ..... day of .....,A.D.....

.....
Signature of Notary

.....
Address of Notary .

Notary Public (Seal) .....

My commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Cannabis legalization Amendment

2.Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.Marijuana shall not be listed in Missouri's Controlled Substance schedule in order to the change that reflect that cannabis as defined in Section two; clause a, are permitted for personal use for persons 18 of age or older and shall be available for medical treatment with a doctor's recommendation without an age limit. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture.

a) Adult Possession of cannabis for personal at 18 years or older.

b) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

c) Providing cannabis, cannabis accessories and products for sale to consumers. Retail cannabis products for medical treatment or personal use shall contain appropriate labeling, which outlines the weight and estimated potency of the product, lists all pesticides used in production, and summarizes the safe and effective use of cannabis. Labels by be promotional, but shall not be false or misleading, and should be based on data derived from scientific study and prevailing human experience.

4. Medical cannabis shall be available to patients who have a physician's recommendation.

a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

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c) Licensed physicians shall not be penalized for, nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.

Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.

6. Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for medical treatment

7. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.

8. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for nonviolent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.

(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related nonviolent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.

9. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.

10. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

11. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

12. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:

13. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-110)

Subject

Initiative petition from Damien Johnson regarding a proposed constitutional amendment to Article IV. (Received December 21, 2016)

Date

January 10, 2017

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Damien Johnson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated this proposal authorizes the Attorney General to develop and make available a form for the destruction of all cannabis-related nonviolent civil and criminal records in Missouri which shall be distributed to all circuit courts within the State. They assume they would need 1 Paralegal to assist with research and development of the form and destruction of relevant records, resulting in increased operating expenses of $60,853 for FY2018; $64,558 for FY2019; and $65,245 for FY2020.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $6,887,491 in fiscal year 2019, $7,338,556 in fiscal year 2020, $10,452,183 in fiscal year 2021 and thereafter.

Legalizing the possession and use of marijuana for persons 18 years or older would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple

concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY17 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will be no discharges from expungement but the reduction in the prison population will increase to 214. The field reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $6,887,491 and will be $10,452,183 after the 5th year.

If marijuana usage becomes legal it could impact the safety and security of our prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of our prisons.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will have no fiscal impact on their department but may increase state revenues if marijuana is subject to state sales tax.

Officials from the **Department of Public Safety** indicate they see no fiscal impact due to this initiative petition. They forwarded this to the Missouri State Highway Patrol for their response.

Officials from the **Missouri State Highway Patrol** indicated they expect increased operating costs of $426,236 for the first year implemented, $487,384 for the second year implemented, and $492,597 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

Criminal Justice Information Services Division

The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094
RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Divison

Currently, there are 29,904 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by the Missouri Highway Patrol that could possibly meet the requirements of this proposed constitutional amendment. These are arrest records with a court conviction pertaining to individuals the age of 18 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only 30 percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require four FTE's. However, if a large number of these expungements were to be granted with even four FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 12 FTE's to complete this task in approximately one year.

The addition of 12 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 29,904 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

30% = 29,904 x .30 = 8,971 / 2,485 = 4 FTE's
50% = 29,904 x .50 = 14,952 / 2,485 = 6 FTE's
100% = 29,904 / 2,485 = 12 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing 30 percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for

office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

4 Quality Control Clerks ($1,015 x 24)	$97,440
Equipment/Office Furniture	$6,094

RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests. The Office of Administration states that 920 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft
Utility Costs	$2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in

sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. The definition of a "non-violent cannabis-only offense" needs to be added. It is unclear if individuals with the aforementioned conviction records are required to abide by the expungement process mandated by various other state statutes. Does the individual just complete and file a document with a circuit clerk and the record is expunged or does the "court," whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?
Their agency requests clarification of number 9 which states that no Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the state of Missouri under this amendment. Does this mean that the Highway Patrol could no longer participate in federal operations when requested?

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated Expungment: Title 49 Code of Federal Regulations (C.F.R.) 384.226 states that a "State must not mask, defer imposition of judgment, or allow an individual to enter into a diversion program that would prevent a CLP or CDL holder's conviction for any violation, in any type of motor vehicle, of a state or local traffic control law (other than parking, vehicle weight, or vehicle defect violations) from appearing on the CDL driver record, whether the driver was convicted for an offense committed in the State where the driver is licensed or another State." Additionally, 49 C.F.R. 384.225 lays out specific record keeping requirements regarding the posting and maintaining of commercial driver's license

(CDL) holders' records that states must meet in order to be in substantial compliance with Federal Motor Carrier Safety Regulations. These records include all convictions, disqualifications, and other licensing action for violations of any state or local law relating to motor vehicle traffic control (other than parking, vehicle weight, or vehicle defect violations) committed in any type of vehicle.

Fiscal Impact: Failure to comply with 49 C.F.R. 384.225 & 384.226 would result in a withholding of Missouri's federal-aid highway funds apportioned to it under each of Title 23, United States Code (U.S.C.), sections 104(b)(1), (b)(3), and (b)(4). The federal funds impacted consist of national highway performance program funds, highway safety improvement program funds and congestion mitigation and air quality improvement funds. The withholding amount would be 4% for the first year of non-compliance and 8% for the second and subsequent years.

Officials from the **Office of Administration** (OA) indicated:

This proposal adds Section 54 to Article IV of the Missouri Constitution.

The proposal:

- Removes marijuana from the list of controlled substances.
- Allows possession (for those 18 or older), production, cultivation and distribution of hemp, marijuana and cannabis.
- Allows the use of medical cannabis for patients with a physician's recommendation.
- Clarifies that certain crimes such as operating a motor vehicle under the influence of marijuana remain crimes.
- Upon passage of the proposal, requires the release of all persons incarcerated or on parole for non-violent, cannabis-only offenses which would no longer be illegal to be immediately released and their civil and criminal records expunged and destroyed.
- Prohibits Missouri law enforcement personnel or state funds from being used to enforce federal cannabis laws involving acts that would no longer be illegal upon passage of this proposal.
- Provides protection for cannabis farmers, manufacturers, processors and distributors from special zoning requirements, excessive licensing fees, etc. relative to other commercial or agricultural farmers, manufacturers, processors or distributors.
- Allows taxes to be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated:

The proposed initiative petition would create a new section of the Missouri Constitution to be known as Article IV, section 54. This section would allow citizens at eighteen years or older to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to 2015 for Associate case types is 10,982. They are unable to determine what number of these charges were for someone over the age of eighteen.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission	$1.00	State of Missouri - Peace Officer Standards & Training Fund

surcharge		
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards and Training (POST) Commission	$1.00	State of Missouri - Peace Officer Standards & Training Fund

surcharge		
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri

Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts.

They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.
However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes we contract all conflicts to private attorneys, which we are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated sales taxes could be collected. No amount can be reasonably estimated.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **University of Central Missouri** indicated this petition would neither provide any fiscal savings, nor additional costs, for their university.

Officials from the **Missouri State University** indicated in response to this petition, no fiscal impact to their university.

Damien Johnson provided the following information as a proponent of this initiative petition.

Annual state government operating costs would increase by at least $1 million with the total increase being unknown. Those costs would be offset by an unknown increase in fee and tax revenues. The fiscal impact to local governmental entities is unknown with some increase in revenue possible.

The net fiscal impact to state and local government is unknown based on the revenue generated by taxes and fees that could offset the operating cost.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

This proposal is estimated to result in annual state cost savings of $10 million. Annual state operating costs are estimated to increase by $600,000 to $1 million. Local law enforcement costs could increase.

RECEIVED
DEC 2 1 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 21, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article VIII (2018-109)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 19, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
DEC 20 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
(Address of Affiant)

Subscribed and sworn to before me this ..... day of ....., A.D
.....

.....
(Signature of Notary)

.....
(Address of Notary).

Notary Public (Seal) .....

My Commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This amendment repeals, in part or in whole, and amends various statutes and subsections relating to political parties. Including but not necessarily limited to RSMO 115.121, 115.122, 115.307, 115.309, 115.31, 115.315, 115.319, 115.321, 115.603, 115.605, 115.607 to 115.627,

Article VIII of the Missouri Constitution by creating a new section known as section 23 of Article VIII to read as follows:

a) Candidates running for United States Senate, United States Congress, Governor, Lt. Governor, Treasurer, Attorney General, Secretary of State, State Senate and State Representative shall be listed as a non-partisan candidate and no Party affiliation shall be listed next to a candidate.

b) Unless running in a special election or a runoff, all candidates shall run in a November election without running in a primary and required to win 50% plus one of the votes cast. If no candidates win 50% plus one of the votes cast, then there shall be a runoff between the top two candidates no later than 60 days after the November election.

c) Candidates shall not be charged more than $100 nor be required to collect signatures.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-109)

Subject

Initiative petition from Damien Johnson regarding a proposed constitutional amendment to Article VIII (Received December 21, 2016)

Date

January 10, 2017

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners.**

Damien Johnson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any costs resulting from the proposal could be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated this petition does not pertain to their department so, they will not be responding.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal enacts one new section in Article VIII, Section 23 to require non-partisan elections. This proposal should not have a fiscal impact for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated this measure changes the way primary and general elections are conducted. If passed, this measure is likely to have a significant effect on the costs of holding elections. There is potential for increased costs to produce ballots for both in-person and absentee voting. The language of this measure also potentially creates the possibility of three separate elections each cycle for state candidates: 1) an August primary for judges, 2) a November general election for all candidates, and 3) a possible run-off election following the November general election. It is also unclear how this measure will impact special elections. Many of the state's voting systems could potentially need to be replaced or upgraded at a quite significant cost under this measure. At this time the projected costs of this measure are unknown, but significant costs are likely to be incurred by both the state and local election authorities.

Additionally:

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an

estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated this initiative petition will not have a fiscal impact on their university.

Officials from the **Kansas City Board of Election Commissioners** indicated the financial impact with this amendment would be roughly $450,000, the cost of having a January election in our jurisdiction. Another issue would be the disenfranchising of Military and Absentee voters with a shorter election cycle (60 day). We would also worry about recruiting enough election workers to work the polls in the month of January. These are our concerns regarding this amendment.

Officials from the **Platte County Board of Elections** indicated their local government estimates the fiscal impact of this bill for fiscal years 2017, 2018, and 2019 to be as follows:

Revenues: None

Cost: Their office estimates the cost of this initiative to be $78,000 in even numbered years.

Technical notes:

The proposal leaves in-tact the primary contest for local candidates and the August election date. Under this proposal with a 50% +1 requirement 3 elections through the fall and winter of even years are all but guaranteed. Currently certification of an election cannot happen until the Friday after the election and the deadline is 2 weeks after the election. The “no more than 60 day rule” when combined with current absentee rules would have final certification and absentee voting beginning on the same day. Ballots will not be ready for six weeks of absentee voting. Additionally, the timeline sets the runoff election in the week between Christmas and New Year’s in most years.

Damien Johnson provided the following information as a proponent of this initiative petition.

The potential savings to governmental entities are unknown, but not likely to lead to a cost increase.

"But not likely" This initiative removes primaries and requires runoffs if no candidates in the race get a majority. Runoffs are required if no candidate gets a majority of the votes cast. Thus, since US congressional seats are what analysis consider safe seats, the state should expect cost savings of not having a primary nor runoff. Clay should win his seat with a majority. There should be some races that would have runoffs.

Hypothetically speaking, had this initiative been in effect for the US senate race last election, Roy Blunt and Jason Kander and all the less financed candidates would run in the general election. Then Blunt and Kander will be the only two candidates facing each other in a runoff. The cost of the race will shift from a primary to a runoff. Being that Blunt was the only statewide candidate who won by plurality statewide he'll be the only candidate running statewide in my hypothetical scenario.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, St. Louis County Board of Elections, Board of Election Commissioners City of St. Louis, Jackson County Election Board,** and **Clay County Board of Election Commissioners**.

Fiscal Note Summary

Local election authorities and the state will likely incur increased election-related costs estimated to be $528,000 per election cycle with the total costs being unknown, but likely significant.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

RECEIVED
DEC 2 1 2016
STATE AUDITORS OFFICE

ELECTIONS DIVISION
(573) 751-2301

December 21, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article X (2018-108)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 19, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
DEC 20 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

Name (signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST	NAME (Print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
(Address of Affiant)

Subscribed and sworn to before me this ..... day of ....., A.D
.....

.....
(Signature of Notary)

.....
(Address of Notary).

Notary Public (Seal) .....

My Commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends Article X section 26 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

Prohibition on new or local sales, use, or other similar transaction-based tax not [subject to such tax as of January 1, 2015]approved by voters. Mandate voter approval before funding or financing sport facilities.

A. Section 26. In order to prohibit an increase in the tax burden on the citizens of Missouri without voter approval, state and local sales and use taxes (or any similar transaction-based tax) shall not be expanded to impose taxes on any service or transaction that was [not subject to sales, use or similar transaction-based tax on January 1, 2015.] approved by voters.

B. Prohibit funding of sports and entertainment stadiums, centers recreation center or facilities without voter approval.

C. Prohibit expansion, extending, modifying, or amending current or future bonds, tax credits, without voter approval.

D. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

All provisions shall take effect immediately upon passage.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

RECEIVED
DEC 2 1 2016
STATE AUDITORS OFFICE
ELECTIONS DIVISION
(573) 751-2301

December 21, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article I (2018-107)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 19, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

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We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
DEC 20 2016
MO. SECRETARY OF STATE

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STATE OF MISSOURI, County Of .....

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FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

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Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
(Address of Affiant)

Subscribed and sworn to before me this ..... day of ....., A.D
.....

.....
(Signature of Notary)

.....
(Address of Notary).

Notary Public (Seal) .....

My Commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

35 of Article I of the Constitution of Missouri is amended by modifying section 35. The existing section 35 is set forth hereinafter with the new matter bold and deleted matter in brackets,

Definitions of terms, as used in this Act:

a) Cannabis: refers to the cannabis, marihuana, marijuana, cannabis, sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including but not limited to, derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof

b) Hemp: The fiber of this plant, extracted from the stem and used to make rope, fabrics, fiberboard, clothing, and paper. The sister plant of cannabis

That agriculture which provides food, energy, health benefits, and security is the foundation and stabilizing force of Missouri's economy. This section shall protect the right to grow cannabis and hemp. To protect this vital sector of Missouri's economy, the right of farmers and ranchers to engage in farming and ranching practices shall be forever guaranteed in this state, subject to duly authorized powers, if any, conferred by article VI of the Constitution of Missouri.

RECEIVED
DEC 2 1 2016
STATE AUDITORS OFFICE

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

December 21, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, version 2 (2018-106)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 19, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
DEC 20 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

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Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....
(Address of Affiant)

Subscribed and sworn to before me this ..... day of ....., A.D
.....

.....
(Signature of Notary)

.....
(Address of Notary).

Notary Public (Seal) .....

My Commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Cannabis Treatment Amendment

2. Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof. This Amendment shall apply to all rsmo mentioning marijuana.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.

a) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

b) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.

4. Medical cannabis, commonly known as marijuana, shall be available to patients who with a doctor's recommendation and Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section one, a) shall be available with a doctor's recommendation. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture:

a) All Missouri patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

f) Primary caregiver shall not be subjected to criminal or civil charges for providing cannabis to patients who been given a doctor's a medical professional.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for medical treatment to a person engaged in personal use.

6. Medical dispensaries shall verify the following:

a) The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.

b) If, primary caregiver, the dispensary verifies the patient and the primary caregiver.

c) The patient's 9 digit random alphabet. Dispensaries my issue a random alphabet after verifying residency.

7. The Department of Health and Human Services shall issue 9 digit random alphabet out to patients and keep records of the alphabet on a state wide registry. The registry is to verify it's a Missouri patient and it shall not be subjected to Sunshine request under rsmo chapter 610. No law enforcement agency my access the list without a warrant. Law enforcement agencies my only view a printed list but not electronically. Dispensaries shall the Register with the the Department of Health and Human Services for:

a) licensing and regulations

b) paying fees of no more than $100.00

c) to assist with the 9 digit random alphabet registry.

8. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court.

9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer,

manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.
11. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

13. This shall become effective on December 6th 2018.

In the November general of 2020, voters shall vote to repeal the above section & replace it with the below section. A yes vote approve the repeal above section and replace with below section. If voters fail shall to vote yes, the above section remains and voters shall vote again every four years until voters vote yes.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Cannabis legalization Amendment

2.Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3. Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section 1.a) are permitted for personal use for persons 21 of age or older and shall be available with a doctor's recommendation without an age limit. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture.

a) Adult Possession of cannabis for personal at 21 years or older.

b) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

c) Providing cannabis, cannabis accessories and products for sale to consumers. Any product to be sold to public must be tested for purity and weight.

4. Medical cannabis shall be available to patients who have a physician's recommendation.

a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for, nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.

Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.

6. Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for medical treatment

7. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.

8. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for nonviolent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.

(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related nonviolent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.

9. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.

10. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

11. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

12. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:

13. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

14. This shall become effective the first Tuesday in December fellowing the passage of this Amendment.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

RECEIVED
DEC 21 2016
STATE AUDITORS OFFICE
ELECTIONS DIVISION
(573) 751-2301

December 21, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, version 1 (2018-105)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 19, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

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INITIATIVE PETITION

To the Honorable Jay Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

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I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

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Signature of Affiant (Person obtaining signatures)

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(Printed Name of Affiant)

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(Address of Affiant)

Subscribed and sworn to before me this ..... day of ....., A.D
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(Signature of Notary)

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(Address of Notary).

Notary Public (Seal) .....

My Commission expires.....

Be it resolved by the people of the state of Missouri that the Constitution be amended:

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Cannabis legalization Amendment

2.Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.

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c) "medical cannabis" refers to the medical use of cannabis.

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e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3. Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section 1.a) are permitted for personal use for persons 21 of age or older and shall be available with a doctor's recommendation without an age limit. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture.

a) Adult Possession of cannabis for personal at 21 years or older.

b) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

c) Providing cannabis, cannabis accessories and products for sale to consumers. Any product to be sold to public must be tested for purity and weight.

4. Medical cannabis shall be available to patients who have a physician's recommendation.

a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for, nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.

Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.

6. Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for medical treatment

7. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.

8. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for nonviolent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.

(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related nonviolent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.

9. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.

10. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

11. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

12. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:

13. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

14. This shall become effective the first Tuesday in December fellowing the passage of this Amendment.

RECEIVED
DEC 19 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 19, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Natalie Meyer regarding a proposed statutory amendment to Chapter 191 (2018-104)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Natalie Meyer on December 19, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

It is a class A misdemeanor punishable, notwithstanding provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town, or village in which I live are correctly written after my name.

RECEIVED
DEC 19 2016
MO. SECRETARY OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say [print or type names of signers]

	NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number)(Street) (City, town, or village)	ZIP CODE	CONGR. DIST.	NAME (Printed or typed)
1						
2						
3						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town, or village correctly, and that each signer is a registered voter in the state of Missouri and _____ County.

FURTHERMORE, I HEARBY SWEAR OR AFFIRM UNDER PENALTY OF PREJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do____ do not____ (check one) expect to be paid for circulating this petition.

_____ _____

(Name of payer) Signature of Affiant (person obtaining signatures)

_____

Printed name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____ day of _____, A.D. 201___.

_____

Signature of Notary

_____

Address of Notary (Street, City, State & Zip Code)

My commission expires _____.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF MISSOURI:

The proposed initiative will amend Chapter 191 of Missouri Revised Statutes by adding twenty-two new sections.

These twenty-two sections shall be known and cited as the "Missouri Death with Dignity Act".

Section 1.

In said sections, the following terms shall mean:

(1) "Adult", any individual who is eighteen years of age or older.

(2) "Attending physician", the physician who has primary responsibility for the care of the patient and treatment of the patient's terminal disease.

(3) "Capable", in the opinion of a court or in the opinion of the patient's attending physician or consulting physician, psychiatrist or psychologist, a patient has the ability to make and communicate health care decisions to health care providers, including communication through persons familiar with the patient's manner of communicating if those persons are available.

(4) "Consulting physician", a physician who is qualified by specialty or experience to make a professional diagnosis and prognosis regarding the patient's disease.

(5) "Counseling", one or more consultations as necessary between a state licensed psychiatrist or psychologist and a patient for the purpose of determining that the patient is capable and not suffering from a psychiatric or psychological disorder or depression causing impaired judgment.

(6) "Health care provider", a person licensed, certified or otherwise authorized or permitted by the law of this state to administer health care or dispense medication in the ordinary course of business or practice of a profession, and includes a health care facility.

(7) "Informed decision", a decision by a qualified patient, to request and obtain a prescription to end his or her life in a humane and dignified manner, that is based on an appreciation of the relevant facts and after being fully informed by the attending physician of:

a. His or her medical diagnosis;

b. His or her prognosis;

c. The potential risks associated with taking the medication to be prescribed;

d. The probable result of taking the medication to be prescribed; and

e. The feasible alternatives, including, but not limited to, comfort care, hospice care and pain control.

(8) "Medically confirmed", the medical opinion of the attending physician has been confirmed by a consulting physician who has examined the patient and the patient's relevant medical records.

(9) "Patient", a person who is under the care of a physician.

(10) "Physician", a doctor of medicine or osteopathy licensed to practice medicine in the state of Missouri

(11) "qualified patient", a capable adult who is a resident of this state and has satisfied the requirements of this initiative in order to obtain a prescription for medication to end his or her life in a humane and dignified manner.

(12) "Terminal disease", an incurable and irreversible disease that has been medically confirmed and shall, within reasonable medical judgment, produce death within six months.

Section 2.

1. An adult who:
    a. Is capable;
    b. Is a residence of this state;
    c. Has been determined by the attending physician and consulting physician to be suffering from a terminal disease; and
    d. Has voluntarily expressed his or her wish to die;

may make a written request for medication for the purpose of ending his or her life in a humane and dignified manner in accordance with this initiative.

2. No person shall qualify under this initiative solely because of age or disability.

Section 3.

1. A valid request for medication under this initiative shall be in substantially the form described in section 20, signed and dated by the patient, and witnessed by at least two individuals who, in the presence of the patient, attest that to the best of their knowledge and belief the patient is capable, acting voluntarily, and is not being coerced to sign the request.
2. One of the witnesses shall be a person who is not:
    a. A relative of the patient by blood, marriage, or adoption;
    b. A person, who at the time the request is signed, would be entitled to any portion of the estate of the qualified patient upon death under any will or by operation of law; or
    c. An owner, operator, or employee of a health care facility where the qualified patient is receiving medical treatment or is a resident
3. The patient's attending physician at the time the request is signed shall not be a witness.

If the patient is in a long-term care facility at the time the written request is made, one of the witnesses shall be an individual designated by the facility and having the qualifications specified by the department of health and senior services by rule.

Section 4

1. The attending physician shall:
    A. Make the initial determination of whether a patient has a terminal disease, is capable, and has made the request voluntarily;
    B. Request that the patient demonstrate Missouri state residency under section 13;
    C. To ensure that the patient is making an informed decision, inform the patient of:
        a. His or her medical diagnosis;
        b. His or her prognosis;
        c. The potential risks associated with taking the medication to be prescribed;
        d. The probable result of taking the medication to be prescribed; and
        e. The feasible alternatives including, but not limited to, comfort care, hospice care, and pain control;
    D. Refer the patient to a consulting physician for medical confirmation of the diagnosis and for a determination that the patient is capable and acting voluntarily;
    E. Refer the patient for counseling if appropriate under section 6;
    F. Recommend that the patient notify next of kin;
    G. Counsel the patient about the importance of having another person present when the patient takes the medication prescribed under this legislation and of not taking the medication in a public place;
    H. Inform the patient that he or she has an opportunity to rescind the request at any time and in any manner, and offer the patient an opportunity to rescind at the end of the fifteen-day waiting period under section 9;

I. Verify, immediately before writing the prescription for medication under this initiative, that the patient is making an informed decision;

J. Fulfill the medical record documentation requirements of section 12;

K. Ensure that all appropriate steps are carried out in accordance with this initiative prior to writing a prescription for medication to enable a qualified patient to end his or her life in a humane and dignified manner; and

L. I. Dispense medications directly, including ancillary medications intended to facilitate the desired effect to minimize the patient's discomfort, provided that the attending physician is authorized under state law and rule to dispense, has a current drug enforcement administration certificate, and complies with any applicable administrative rule; or

II. With the patient's written consent:

a. Contact a pharmacist and inform the pharmacist of the prescription; and

b. Deliver the written prescription personally, by mail, or facsimile to the pharmacist, who shall dispense the medications to either the patient, the attending physician, or an expressly identified agent of the patient.

2. Notwithstanding any other provision of law, the attending physician may sign the patient's death certificate.

Section 5

Before a patient is qualified under this initiative, a consulting physician shall examine the patient and his or her relevant medical records and confirm in writing the attending physician's diagnosis that the patient is suffering from a terminal disease and verify that the patient is capable, is acting voluntarily, and has made an informed decision.

Section 6

If, in the opinion of the attending physician or the consulting physician, a patient may be suffering from a psychiatric or psychological disorder or depression causing impaired judgment, either physician shall refer the patient for counseling. No medication to end a patient's life in a humane and dignified manner shall be prescribed until the person performing the counseling determines that the patient is not suffering from a psychiatric or psychological disorder or depression causing impaired judgment.

Section 7

No person shall receive a prescription for medication to end his or her life in a humane and dignified manner unless he or she has made an informed decision, as defined in section 1. Immediately prior to writing a prescription for medication under this initiative, the attending physician shall verify that the qualified patient is making an informed decision.

Section 8

The attending physician shall recommend that the patient notify the next of kin of his or her request for medication under this initiative. A patient who declines or is unable to notify next of kin shall not have his or her request denied for that reason.

Section 9

In order to receive a prescription for medication to end his or her life in a humane and dignified manner, a qualified patient shall have made an oral request and a written request and reiterate the oral request to his or her attending physician at least fifteen days after making the initial oral request. At the time the qualified patient makes his or her second oral request, the attending physician shall offer the qualified patient an opportunity to rescind the request.

Section 10

A patient may rescind his or her request at any time and in any manner without regard to his or her mental state. No prescription for medication under this initiative shall be written without the attending physician offering the qualified patient an opportunity to rescind the request.

Section 11

No less than fifteen days shall elapse between the patient's initial oral request and the writing of a prescription under this initiative. No less than forty-eight hours shall elapse between the date of the patient's written request and the writing of a prescription under this initiative.

Section 12

The following shall be documented or filed in the patient's medical record:

(1) All oral requests made by the patient for medication to end his or her life in a humane and dignified manner;

(2) All written requests made by the patient for medication to end his or her life in a humane and dignified manner;

(3) The attending physician's diagnosis and prognosis and determination that the patient is capable, is acting voluntarily, and has made an informed decision;

(4) The consulting physician's diagnosis and prognosis and verification that the patient is capable, is acting voluntarily, and has made an informed decision;

(5) A report of the outcome and determinations made during counseling, if performed;

(6) The attending physician's offer to the patient to rescind his or her request at the time of the patient's second oral request under section 9; and

(7) A note by the attending physician indicating that all requirements under this initiative have been met and indicating the steps taken to carry out the request including a notation of the medication prescribed.

Section 13

Only requests made by Missouri residents under this initiative shall be granted. Factors demonstrating Missouri residency include, but are not limited to:

(1) Possession of a Missouri driver's license;

(2) Registration to vote in Missouri;

(3) Evidence that the person owns or leases property in Missouri; or

(4) Filing of a Missouri tax return for the most recent tax year.

Section 14

1. a. The department of health and senior services shall annually review all records maintained under this initiative.
   b. The department of health and senior services shall require any health care provider upon dispensing medication under this initiative to file a copy of the dispensing record with the department.

2. The department of health and senior services shall adopt rules to facilitate the collection of information regarding compliance with this initiative. Except as otherwise required by law, the information collected shall not be a public record and shall not be made available for inspection by the public.

3. The department of health and senior services shall generate and make available to the public an annual statistical report of information collected under subsection 2 of this section.

Section 15

1. No provision in a contract, will, or other agreement, whether written or oral, to the extent the provision would affect whether a person may make or rescind a request for medication to end his or her life in a humane and dignified manner, shall be valid.

2. No obligation owing under any currently existing contract shall be conditioned or affected by the making or rescinding of a request by a person for medication to end his or her life in a humane and dignified manner.

Section 16

The sale, procurement, or issuance of any life, health, or accident insurance or annuity policy or the rate charged for any policy shall not be conditioned upon or affected by the making or rescinding of a request by a person for medication to end his or her life in a humane and dignified manner. A qualified patient's act of ingesting medication to end his or her life in a humane and dignified manner shall not have an effect upon a life, health, or accident insurance or annuity policy.

Section 17

Nothing is this initiative shall be construed to authorize a physician or any other person to end a patient's life by lethal injection, mercy killing, or active euthanasia. Actions taken in accordance with this initiative shall not for any purpose constitute suicide, assisted suicide, mercy killing, or homicide under the law.

Section 18

1. Except as provided in subsection 2 of this section and section 20:
   a. No person shall be subject to civil or criminal liability or professional disciplinary action for participating in good faith compliance with this initiative including being present when a qualified patient takes the prescribed medication to end his or her life in a humane and dignified manner;
   b. No professional organization or association or health care provider shall subject a person to censure, discipline, suspension, loss of license, loss of privileges, loss of membership, or other penalty for participating or refusing to participate in good faith compliance with this initiative;
   c. No request by a patient for or provision by an attending physician of medication in good faith compliance with this initiative shall constitute neglect for any purpose of law or provide the sole basis for the appointment of a guardian or conservator; and
   d. No health care provider shall be under any duty, whether by contract, statute, or any other legal requirement to participate in the provision to a qualified patient of medication to end his or her life in a humane and dignified manner. If a health care provider is unable or unwilling to carry out a patient's request under this initiative and the patient transfers his or her care to a new health care provider, the prior health care provider shall, upon request, transfer a copy of the patient's relevant medical records to the new health care provider.

2. (1) Notwithstanding any other provision of law, a health care provider may prohibit another health care provider from participating under the Missouri death with dignity act on the premises of the prohibiting provider if the prohibiting provider has notified the health care provider of the prohibiting provider's policy regarding participation in the Missouri death with dignity act. Nothing in this subdivision shall prevent a health care provider from providing health care services to a patient that do not constitute participation in the Missouri death with dignity act.
   (2) Notwithstanding the provisions of subsection 1 of this section, a health care provider may subject another health care provider to the following sanctions if the sanctioning health care provider has notified the sanctioning provider prior to participation under this initiative that it prohibits participation in the Missouri death with dignity act:
   (a) Loss of privileges, loss of membership, or other sanctions provided under the medical staff bylaws, policies, and procedures of the sanctioning health care provider if the sanctioned provider is a member of the sanctioning provider's medical staff and participates under the Missouri death with

dignity act while on the health care facility premises of the sanctioning health care provider, but not including the private medical office of a physician or other provider;

(b) Termination of a lease or other property contract or other nonmonetary remedies provided by a lease contract, not including loss or restriction of medical staff privileges or exclusion from a provider panel, if the sanctioned provider participates under the Missouri death with dignity act while on the premises of the sanctioning health care provider or on property that is owned by or under the direct control of the sanctioning health care provider; or

(c) Termination of a contract or other nonmonetary remedies provided by contract if the sanctioned provider participates under the Missouri death with dignity act while acting in the course and scope of the sanctioned provider's capacity as an employee or independent contractor of the sanctioning health care provider. Nothing in this paragraph shall be construed to prevent:

a. A health care provider from participating under the Missouri death with dignity act while acting outside the course and scope of the provider's capacity as an employee or independent contractor; or

b. A patient from contracting with his or her attending physician and consulting physician to act outside the course and scope of the provider's capacity as an employee or independent contractor of the sanctioning health care provider.

(3) A health care provider that imposes sanctions under subdivision (2) of this subsection shall follow all due process and other procedures the sanctioning health care provider may have that are related to the imposition of sanctions on another health care provider.

(4) For the purposes of this subsection, the following terms shall mean:

(a) "Notify", a separate statement in writing to the health care provider specifically informing the health care provider before the provider's participation under the Missouri death with dignity act of the sanctioning health care provider's policy about participation in activities covered by the Missouri death with dignity act;

(b) "Participate under the Missouri death with dignity act", to perform the duties of an attending physician under section 5, the consulting physician function under section 5, or the counseling function under section 6. Participate under the Missouri death with dignity act does not include:

a. Making an initial determination that a patient has a terminal disease and informing the patient of the medical prognosis;

b. Providing information about the Missouri death with dignity act to a patient upon the request of the patient;

c. Providing a patient, upon the request of the patient, with a referral to another physician; or

d. A patient contracting with his or her attending physician and consulting physician to act outside of the course and scope of the provider's capacity as an employee or independent contractor of the sanctioning health care provider.

3. Suspension or termination of staff membership or privileges under subsection 2 of this section is not reportable to the department or state board of registration for the healing arts. Action taken under sections 3 to 6 shall not be the sole basis for a report of unprofessional conduct.

4. No provision of this initiative shall be construed to allow a lower standard of care for patients in the community where the patient is treated or a similar community.

Section 19

1. A person, who without authorization of the patient, willfully alters or forges a request for medication or conceals or destroys a rescission of that request with the intent or effect of causing the patient's death is guilty of a class A felony.

2. A person who coerces or exerts undue influence on a patient to request medication to end the patient's life or to destroy a rescission of a request is guilty of a class A felony.

3. Nothing in this initiative shall limit further liability for civil damages resulting from other negligent conduct or intentional misconduct by any person.

4. The penalties in this initiative do not preclude criminal penalties applicable under other law for conduct that is inconsistent with this initiative.

Section 20

Any governmental entity that incurs costs resulting from a person terminating his or her life under this initiative in a public place has a claim against the estate of the person to recover such costs and reasonable attorneys' fees related to enforcing the claim.

Section 21

A request for a medication as authorized by this initiative shall be in substantially the following form:

REQUEST FOR MEDICATION TO END MY LIFE

IN A HUMANE AND DIGNIFIED MANNER

I, ... , am an adult of sound mind.

I am suffering from ....., which my attending physician has determined is a terminal disease and which has been medically confirmed by a consulting physician. I have been fully informed of my diagnosis, prognosis, the nature of medication to be prescribed and potential associated risks, the expected result, and the feasible alternatives, including comfort care, hospice care, and pain control. I request that my attending physician prescribe medication that will end my life in a humane and dignified manner.

INITIAL ONE:

..... I have informed my family of my decision and taken their opinions into consideration.

..... I have decided not to inform my family of my decision.

..... I have no family to inform of my decision.

I understand that I have the right to rescind this request at any time.

I understand the full import of this request and I expect to die when I take the medication to be prescribed. I further understand that although most deaths occur within three hours, my death may take longer, and my physician has counseled me about this possibility.

I make this request voluntarily and without reservation, and I accept full moral responsibility for my actions.

Signed: .....

Dated: .....

DECLARATION OF WITNESSES

We declare that the person making and signing the above request:

(1) Is personally known to us or has provided proof of identity;

(2) Signed this request in our presence on the date of the person's signature;

(3) Appears to be of sound mind and not under duress, fraud, or undue influence;

and

(4) Is not a patient for whom either of us is the attending physician.

..... Witness 1/Date

..... Witness 2/Date

NOTE: One witness shall not be a relative (by blood, marriage, or adoption) of the person signing this request, shall not be entitled to any portion of the person's estate upon death, and shall not own, operate, or be employed at a health care facility where the person is a patient or resident. If the patient is an inpatient at a health care facility, one of the witnesses shall be an individual designated by the facility.

Section 22

1. Any person who, without authorization of the principal, willfully alters, forges, conceals, or destroys an instrument, the reinstatement or revocation of an instrument, or any other evidence or document reflecting the principal's desires and interests with the intent and effect of causing a withholding or withdrawal of life-sustaining procedures or of artificially administered nutrition and hydration which hastens the death of the principal is guilty of a class A felony.

2. Except as provided in subsection 1 of this section, any person who, without authorization of the principal, willfully alters, forges, conceals, or destroys an instrument, the reinstatement or revocation of an instrument, or any other evidence or document reflecting the principal's desires and interests with the intent and effect of affecting a health care decision is guilty of a class A misdemeanor.

STATE AUDITOR'S OFFICE
RECEIVED
DEC 14 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 14, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Marc Ellinger regarding a proposed statutory amendment to Chapters 84 and 105 (2018-103)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Marc Ellinger on December 14, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
DEC 14 2016
MO. SECRETARY OF STATE

(Official Ballot title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
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10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ _____ _____
Signature of Affiant (Printed Name of Affiant) Address of Affiant
(Person obtaining signatures)

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ _____
Signature of Notary Address of Notary

Notary Public (Seal) My commission expires _____

Be it enacted by the people of the State of Missouri:

Sections 84.460 and 84.860 are repealed, Section 105.726 is amended, and seven new sections are enacted, to be known as Sections 84.891, 84.892, 84.893, 84.894, 84.895, 84.896, and 84.897, to read as follows:

84.891. No elected or appointed official of the state or any political subdivision thereof shall act or refrain from acting in any manner to impede, obstruct, hinder, or otherwise interfere with any member of a municipal police force established under sections 84.893 to 84.896 in the performance of his or her job duties, or with any aspect of any investigation arising from the performance of such job duties. This section shall not be construed to prevent such officials from acting within the normal course and scope of their employment or from acting to implement sections 84.893 to 84.896. Any person who violates this section shall be liable for a penalty of two thousand five hundred dollars for each offense and shall forever be disqualified from holding any office or employment whatsoever with the governmental entity the person served at the time of the violation. The penalty shall not be paid by the funds of any committee as the term "committee" is defined in section 130.011. This section shall not be construed to interfere with the punishment, under any laws of this state, of a criminal offense committed by such officials, nor shall this section apply to duly appointed members of the municipal police force, or their appointing authorities, whose conduct is otherwise provided for by law.

84.892. 1. It shall be an unlawful employment practice for an official, employee, or agent of a municipal police force established under sections 84.893 to 84.896 to discharge, demote, reduce the pay of, or otherwise retaliate against an employee of the municipal police force for reporting to any superior, government agency, or the press the conduct of another employee that the reporting employee believes, in good faith, is illegal.

2. Any employee of a municipal police force may bring a cause of action for general or special damages based on a violation of this section.

84.893. 1. Subject to the provisions of sections 84.894 to 84.896, any city with a population of 400,000 or more may establish a municipal police force for the purposes of:

(1) Preserving the public peace, welfare, and order;

(2) Preventing crime and arresting suspected offenders;

(3) Enforcing the laws of the state and ordinances of the city;

(4) Exercising all powers available to a police force under generally applicable state law; and

(5) Regulating and licensing all private watchmen, private detectives, and private policemen serving or acting as such in said city.

2. Any person who acts as a private watchman, private detective, or private policeman in said cities without having obtained a written license from said cities is guilty of a class A misdemeanor.

84.894. 1. Notwithstanding any provisions of this chapter to the contrary, any city with a population of 400,000 or more may establish a municipal police force on or after July 1, 2019, according to the procedures and requirements of this section. The purpose of these procedures and requirements is to provide for an orderly and appropriate transition in the governance of the police force and provide for an equitable employment transition for commissioned and civilian personnel.

2. Upon the establishment of a municipal police force by a city under sections 84.893 to 84.896, the board of police commissioners shall convey, assign, and otherwise transfer to the city title and ownership of all indebtedness and assets, including, but not limited to, all funds and real and personal property held in the name of or controlled by the board of police commissioners created under sections 84.350 to 84.860. The board of police commissioners shall execute all documents reasonably required to accomplish such transfer of ownership and obligations.

3. If the city establishes a municipal police force and completes the transfer described in subsection 2 of this section, the city shall provide the necessary funds for the maintenance of the municipal police force.

4. Before a city with a population of 400,000 or more may establish a municipal police force under this section, the city shall adopt an ordinance accepting responsibility, ownership, and liability as successor-in-interest for contractual obligations, indebtedness, and other lawful obligations of the board of police commissioners subject to the provisions of subsection 2 of section 84.895.

5. A city with a population of 400,000 or more that establishes a municipal police force shall initially employ, without a reduction in rank, salary, or benefits, all commissioned and civilian personnel of the board of police commissioners created under sections 84.350 to 84.860 that were employed by the board immediately prior to the date the municipal police force was established. Such commissioned personnel who previously were employed by the board may only be involuntarily terminated by the city with a population of 400,000 or more for cause. The city shall also recognize all accrued years of service that such commissioned and civilian personnel had with the board of police commissioners. Such personnel shall be entitled to the same holidays, vacation, and sick leave they were entitled to as employees of the board of police commissioners.

6. Commissioned and civilian personnel who were previously employed by the board shall continue to be subject, throughout their employment for the city with a population of 400,000 or more, to a residency rule no more restrictive than a requirement of retaining a primary residence in a city with a population of 400,000 or more for a total of seven years and of then allowing them to maintain a primary residence outside the city with a population of 400,000 or more so long as the residence is located within a one-hour response time.

7. The commissioned and civilian personnel who retire from service with the board of police commissioners before the establishment of a municipal police force under subsection 1 of this section shall continue to be entitled to the same pension benefits provided under chapter 86 and the same benefits set forth in subsection 5 of this section.

8. If the city with a population of 400,000 or more elects to establish a municipal police force under this section, the city shall establish a separate division for the operation of its municipal police force. The civil service commission of the city may adopt rules and regulations appropriate for the unique operation of a police department. Such rules and regulations shall reserve exclusive authority over the disciplinary process and procedures affecting commissioned officers to the civil service commission; however, until such time as the city adopts such rules and regulations, the commissioned personnel shall continue to be governed by the board of police commissioners' rules and regulations in effect immediately prior to the establishment of the municipal police force, with the police chief acting in

place of the board of police commissioners for purposes of applying the rules and regulations. Unless otherwise provided for, existing civil service commission rules and regulations governing the appeal of disciplinary decisions to the civil service commission shall apply to all commissioned and civilian personnel. The civil service commission's rules and regulations shall provide that records prepared for disciplinary purposes shall be confidential, closed records available solely to the civil service commission and those who possess authority to conduct investigations regarding disciplinary matters pursuant to the civil service commission's rules and regulations. A hearing officer shall be appointed by the civil service commission to hear any such appeals that involve discipline resulting in a suspension of greater than fifteen days, demotion, or termination, but the civil service commission shall make the final findings of fact, conclusions of law, and decision which shall be subject to any right of appeal under chapter 536.

9. A city with a population of 400,000 or more that establishes and maintains a municipal police force under this section:

(1) Shall provide or contract for life insurance coverage and for insurance benefits providing health, medical, and disability coverage for commissioned and civilian personnel of the municipal police force to the same extent as was provided by the board of police commissioners under sections 84.350 to 84.860;

(2) Shall provide or contract for medical and life insurance coverage for any commissioned or civilian personnel who retired from service with the board of police commissioners or who were employed by the board of police commissioners and retire from the municipal police force of a city with a population of 400,000 or more to the same extent such medical and life insurance coverage was provided by the board of police commissioners under sections 84.350 to 84.860;

(3) Shall make available medical and life insurance coverage for purchase to the spouses or dependents of commissioned and civilian personnel who retire from service with the board of police commissioners or the municipal police force and deceased commissioned and civilian personnel who receive pension benefits under chapter 86 at the rate that such dependent's or spouse's coverage would cost under the appropriate plan if the deceased were living; and

(4) May pay an additional shift differential compensation to commissioned and civilian personnel for evening and night tours of duty in an amount not to exceed ten percent of the officer's base hourly rate.

10. A city with a population of 400,000 or more that establishes a municipal police force under sections 84.893 to 84.896 shall establish a transition committee of five members for the purpose of: coordinating and implementing the transition of authority, operations, assets, and obligations from the board of police commissioners to the city; winding down the affairs of the board; making nonbinding recommendations for the transition of the police force from the board to the city; and other related duties, if any, established by executive order of the city's mayor. Once the ordinance referenced in section 84.894 is enacted, the city shall provide written notice to the board of police commissioners and the governor of the State of Missouri. Within thirty days of such notice, the mayor shall appoint three members to the committee, two of whom shall be members of a statewide law enforcement association that represents at least five thousand law enforcement officers. The remaining members of the committee shall include the police chief of the municipal police force and a person who currently or previously served as a commissioner on the board of police commissioners, who shall be appointed to the committee by the mayor of such city.

84.895. 1. Except as required for the board of police commissioners to conclude its affairs and pursue legal claims and defenses, upon the establishment of a municipal police force, the terms of office of the commissioners of the board of police created under sections 84.350 through 84.860 shall expire, and the provisions of sections 84.350 to 84.860 shall not apply to any city with a population of 400,000 or more or its municipal police force as of such date. The board shall continue to operate, if necessary, to wind down the board's affairs until the transfer of ownership and obligations under subsection 2 of section 84.894 has been completed. During such time, the board of police commissioners shall designate and authorize its secretary to act on behalf of the board for purposes of performing the board's duties and any other actions incident to the transfer and winding down of the board's affairs.

2. For any claim, lawsuit, or other action arising out of actions occurring before the date of completion of the transfer provided under subsection 2 of section 84.894, the state shall continue to provide legal representation as set forth in section 105.726, and the state legal expense fund shall continue to provide reimbursement for such claims under section 105.726. This subsection applies to all claims, lawsuits, and other actions brought against any commissioner, police officer, employee, agent, representative, or any individual or entity acting or purporting to act on its or their behalf.

3. Notwithstanding any other provision of law, rule, or regulation to the contrary, any city with a population of 400,000 or more that establishes a municipal police force under sections 84.893 to 84.896 shall not be restricted or limited in any way in the selection of a police chief or chief of the division created under subsection 8 of section 84.894.

84.896. Any police pension system created under chapter 86 for the benefit of a police force established under sections 84.350 to 84.860 shall continue to be governed by chapter 86, and shall apply to any police force established under section 84.893 to 84.896. Other than any provision that makes chapter 86 applicable to a municipal police force established under section 84.893 to 84.896, nothing in sections 84.893 to 84.896 shall be construed as limiting or changing the rights or benefits provided under chapter 86.

84.897. Notwithstanding the provisions of section 1.140 to the contrary, the provisions of sections 84.893 to 84.896 shall be non-severable. If any provision of sections 84.893 to 84.896 is for any reason held to be invalid, such decision shall invalidate all of the remaining provisions of this act.

105.726. 1. Nothing in sections 105.711 to 105.726 shall be construed to broaden the liability of the state of Missouri beyond the provisions of sections 537.600 to 537.610, nor to abolish or waive any defense at law which might otherwise be available to any agency, officer, or employee of the state of Missouri. Sections 105.711 to 105.726 do not waive the sovereign immunity of the state of Missouri.

2. The creation of the state legal expense fund and the payment therefrom of such amounts as may be necessary for the benefit of any person covered thereby are deemed necessary and proper public purposes for which funds of this state may be expended.

3. Moneys in the state legal expense fund shall not be available for the payment of any claim or any amount required by any final judgment rendered by a court of competent jurisdiction against a board of police commissioners

established under chapter 84, including the commissioners, any police officer, notwithstanding sections 84.330 and 84.710, or other provisions of law, other employees, agents, representative, or any other individual or entity acting or purporting to act on its or their behalf. Such was the intent of the general assembly in the original enactment of sections 105.711 to 105.726, and it is made express by this section in light of the decision in Wayman Smith, III, et al. v. State of Missouri, 152 S.W.3d 275. Except that the commissioner of administration shall reimburse from the legal expense fund[the board of police commissioners established under section 84.350, and] any successor-in-interest established pursuant to section 84.344 or section 84.894, for liability claims otherwise eligible for payment under section 105.711 paid by such [board]successor-in-interest up to a maximum of one million dollars per fiscal year.

4. Subject to the provisions of subsection 2 of section 84.345 or subsection 2 of section 84.895, if the representation of the attorney general is requested by a board of police commissioners or its successor-in-interest established pursuant to section 84.344 or section 84.894, the attorney general shall represent, investigate, defend, negotiate, or compromise all claims under sections 105.711 to 105.726 for the board of police commissioners, its successor-in-interest pursuant to section 84.344 or section 84.894, any police officer, other employees, agents, representatives, or any other individual or entity acting or purporting to act on their behalf. The attorney general may establish procedures by rules promulgated under chapter 536 under which claims must be referred for the attorney general's representation. The attorney general and the officials of the city which the police board represents or represented shall meet and negotiate reasonable expenses or charges that will fairly compensate the attorney general and the office of administration for the cost of the representation of the claims under this section.

5. Claims tendered to the attorney general promptly after the claim was asserted as required by section 105.716 and prior to August 28, 2005, may be investigated, defended, negotiated, or compromised by the attorney general and full payments may be made from the state legal expense fund on behalf of the entities and individuals described in this section as a result of the holding in Wayman Smith, III, et al. v. State of Missouri, 152 S.W.3d 275.

[84.460. So soon as the board created herein shall hold their first meeting, it shall be their duty to inform the chief of police and the other officers of the police force of such city that they require their attendance upon them and obedience to their orders. For failure to attend as required, and for each and every failure to obey the lawful orders of said board, the officers so notified shall be fined in any sum not exceeding five hundred dollars, to be recovered by action at law instituted by said board, in the name of the state. From and after the first meeting aforesaid, the whole of the then existing police force in such city shall pass under the exclusive management and control of the said board, and be subject to no other control and entitled to receive neither orders nor pay, except arrearages then due, from any other authority, and shall so continue, subject, however, to removal or suspension, at the discretion of said board, and with the power in said board to fill vacancies, until said board shall publicly declare that the organization of the police force, created by sections 84.350 to 84.860 is complete. Upon such public declaration, and from the time thereof thenceforward, all ordinances of such city are hereby declared null and void, so far as they conflict with sections 84.350 to 84.860 or assume to confer upon the mayor, chief of police, common council, or any other person or persons, the power to appoint, dismiss, or in any way or to any extent, employ or control any police force organized or to be organized under such ordinances, or any of them, and from and after such public declaration as aforesaid, the police force organized, or which may be organized under such ordinances, or any of them, shall cease to exist, and its functions and powers be at an end.]

[84.860. Any officer or servant of the mayor or common council or municipal assembly of the said cities, or other persons whatsoever, who shall forcibly resist or obstruct the execution or enforcement of any of the provisions of sections 84.350 to 84.860 or relating to the same, or who shall disburse any money in violation thereof, or who shall hinder or obstruct the organization or maintenance of said board of police, or the police force provided in said sections to be organized and maintained, or who shall maintain or control any police force other than the one herein provided for, or who shall delay or hinder the due enforcement of said sections by failing or neglecting to perform the duties therein imposed upon him, shall be liable to a penalty of one thousand dollars for each and every offense, recoverable by the board by action at law in the name of the state, and shall forever thereafter be disqualified from holding or exercising any office or employment whatsoever under the mayor or common council or municipal assembly of said cities, or under said sections; provided, however, that nothing in this section shall be construed to interfere with the punishment, under any existing or any future laws of this state, or any criminal offense which shall be committed by the said parties in or about the resistance, obstruction, hindrance, conspiracy, combination or disbursement aforesaid.]

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-103)

Subject

Initiative petition from Marc Ellinger regarding a proposed amendment to Chapters 84 and 105 of the Revised Statutes of Missouri. (Received December 14, 2016)

Date

January 3, 2017

Description

This proposal would amend Chapters 84 and 105 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Assumptions

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this legislation will not have a fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated under this proposal, the Governor would no longer be required to appoint members of the Kansas City Board of Police Commissioners if Kansas City chooses to assume control of the Kansas City Police Force. There should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal response.

Officials from the **Office of Administration** indicated:

This proposal repeals Sections 84.460 and 84.860, RSMo and adds seven new sections (Sections 84.891-84.897, RSMo).

Under this proposal, Kansas City could choose to assume control of the Kansas City Police Force and the Kansas City Board of Police Commissioners would be disbanded. The State would be required to provide legal representation and Legal Expense Fund coverage for claims up to the date of the transition.

This proposal should result in future savings to the Legal Expense Fund. The savings will begin upon the transfer and phase-in as claims made prior to the transfer are resolved and the successor in interest takes responsibility for all new claims. They estimate the annual net savings to the Legal Expense Fund to be approximately $500,000. This is based on an average of Kansas City Police Board payments made from the Legal Expense Fund since FY08.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated:

A positive fiscal impact would eventually be obtained by local control of the KCPD through various budgetary controls and the elimination of duplication of services and/or functions. A requirement to retain all employees unless removed for cause means duplicative services/functions would still be staffed so savings would not be immediately recognized. The proposal refers to organizations that exist in St. Louis but not in Kansas City. If KC is required to form those groups, i.e., civil service commission, then that would be an added cost. Indirect budgetary savings would eventually be realized through the integration of the management and operation of the KCPD as another department of the City. Costs for payment of judgments would be incurred since the State Legal Defense Fund would not fund defense after the KCPD became a part of the City, but the ability to control personnel should negate additional costs.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **Missouri State University** indicated no fiscal impact to their university for this petition.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this will have not fiscal impact on their university.

The State Auditor's office did not receive a response from the **Attorney General's office,** the **Department of Elementary and Secondary Education,** the **Department of Natural Resources,** the **Office of State Courts Administrator, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan**

Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University, and **Truman State University**.

Fiscal Note Summary

State governmental entities estimate a savings up to $500,000 annually. Local governmental entities estimate an unknown positive fiscal impact.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

RECEIVED
DEC 13 2016
STATE AUDITORS OFFICE

ELECTIONS DIVISION
(573) 751-2301

December 13, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mike Louis regarding a proposed constitutional amendment to Article I, version 10 (2018-102)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mike Louis on December 12, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable _____, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
DEC 12 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

Version 10

NOTICE: You are advised that the propose constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication Section 290 of the Missouri Revised Statutes.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I of the Constitution is revised by amending Section 29 to read as follows:

Section 29. That employees shall have the right to organize and to bargain collectively through representatives of their own choosing. No law or ordinance shall restrict or impair an agreement which requires employees to support their chosen collective bargaining representative. The rights guaranteed by this section shall be unalienable. Any restriction on these rights shall be subject to strict scrutiny and the State of Missouri shall be obligated to uphold these rights and under no circumstances decline to protect against their infringement.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-102)

Subject

Initiative petition from Mike Louis regarding a proposed constitutional amendment to Article I. (Received December 13, 2016)

Date

January 3, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Edward D. Greim provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

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Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

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Officials from the **Department of Public Safety** indicated they defer to the Office of Administration Personnel response for this legislation.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to the fiscal note request.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal response.

Officials from the **Office of Administration** indicated:

The proposed amendment would prohibit any law or ordinance from restricting or impairing an agreement which requires employees to support their chosen collective bargaining representative. The State of Missouri shall be obligated to uphold these rights and under no circumstances decline to protect against their infringement.

This proposal should not impact their office.

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Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any substantial impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report due to lack of quantifiable information pertaining to the language of the amendment from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from **Missouri State University** indicated no fiscal impact to their university for this petition.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Edward D. Greim provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

Edward D. Greim
edgreim@gravesgarrett.com
Phone: (816) 256-3181
Fax: (816) 817-0863

December 28, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102

Dear Mr. Halwes,

Please consider this letter as a fiscal impact statement regarding Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102 (the "Initiative Petitions"). If passed, any of these ten initiatives would have a negative impact on state and local governments, as well as Missouri small businesses. While the Initiative Petitions would primarily result in uncertain or unclear direct effects, the secondary effects are negative and potentially significant. Direct effects stem from labor and contracting costs that the state and its political subdivisions will incur to renegotiate contracts with labor organizations. These direct effects would be larger if, on the Initiative Petition's effective date, the state of Missouri has adopted a so-called "Right-to-Work" law. It is exceedingly likely that the state will have a Right-to-Work law by the potential effective date of the Initiative Petitions: December 6, 2018.[1]

Moreover, certain public employees, namely public school teachers, are currently excluded from the Missouri Public Sector Labor Law. §§ 105.500-.530 RSMo. The Initiative Petitions impliedly repeal statutes and ordinances that limit the ability of teachers and other types of public employees to commit other employees to "exclusive representation" by a union. Public employees' contracts that already rely on laws or ordinances prohibiting exclusive representation would violate the Initiative Petitions, and require renegotiation.[2]

[1] See, for example, http://news.stlpublicradio.org/post/only-scope-and-timing-missouris-expected-right-work-law-question#stream/0; http://www.kshb.com/news/state/missouri/missouri-moves-closer-to-becoming-right-to-work-state
[2] See http://showmeinstitute.org/blog/government-unions/teachers-union-gets-collective-bargaining-wrong

The indirect effects of the Initiative Petitions present a debate this Office should not take a definitive position on. The indirect effects of prohibiting a "Right-to-Work" bill by the General Assembly are unknown. First, it is unknown if Missouri will have a Right-to-Work law in 2018, though the state most likely will.[3] Second, if Missouri has a Right-to-Work law in 2018, it is unclear what the precise scope of the law will be.[4]

Third, regardless of whether the Initiative Petitions will, in fact, pre-empt an existing Right-to-Work law in Missouri, the overall economic impact of a state Right-to-Work law is unknown. However, most research suggests that a state Right-to-Work law would yield positive fiscal impacts for a state such as Missouri. A Right-to-Work law would make Missouri more competitive with neighboring states. Every state neighboring Missouri, except Illinois, has a Right-to-Work law. Still, the ultimate fiscal or economic impact of a constitutional provision pre-empting or preventing a Right-to-Work law is unknown.

What is known is that in areas with low union support, union membership declines with the passage of a Right-to-Work law.[5] When a union member quits the union and stops paying union dues, other things equal, the former member's take-home pay goes up. The former union member is no longer paying dues, but is able to maintain their same employment and gross wage rate. Some of this new take-home pay represents new taxable wages (through decreased deductions for payment of union dues).[6] This is a potential source of new revenue that the Initiative Petitions take away. In addition to an income tax effect, this new take-home pay may also be spent on state revenue producing activities such as consuming goods subject to sales tax or making taxable investments. If Missouri has a Right-to-Work law in 2018, some individuals who opt out of union membership will thereafter be forced to pay union dues, and taxable wages will decrease.

In 2014, James Sherk identified several indirect effects associated with Right-to-Work laws.[7] These indirect effects show that permitting a Right-to-Work law would allow Missouri to be more competitive for new jobs and decreased unemployment:

- Roughly half of all major businesses refuse to consider locating in jurisdictions with compulsory dues.
- Bureau of Labor Statistics data show that between 1990 and 2014 total employment grew more than twice as fast in right-to-work states as in states with compulsory dues.

[3] http://news.stlpublicradio.org/post/only-scope-and-timing-missouris-expected-right-work-law-question#stream/0
[4] Id.
[5] Ozkan Eren and I. Serkan Ozbeklik, "Right-to-Work Laws and State-Level Economic Outcomes: Evidence from the Case Studies of Idaho and Oklahoma Using Synthetic Control Method," Working Paper, February 2011, at http://econweb.umd.edu/~davis/eventpapers/OzbeklikRight.pdf (November 9, 2011) (identifying a 15% decline in union membership in Idaho and Oklahoma).
[6] https://www.irs.gov/publications/p17/ch28.html (stating that certain union dues reduce an individual's taxable income).
[7] http://www.heritage.org/research/reports/2014/12/right-to-work-laws-myth-vs-fact

- Average wages in right-to-work states are indeed slightly lower than in non-right-to-work states. This occurs because almost every Southern state has a right-to-work law and the South has a lower cost of living. Studies that control for differences in costs of living find workers in states with voluntary dues have no lower—and possibly slightly higher—real wages than workers in states with compulsory dues.

The Initiative Petitions seek to prevent Missouri from taking a step forward and implementing policies that would make Missouri a more attractive place to do business for large manufacturing employers. The Initiative Petitions discourage both new and current employers (like Boeing and Ford) from investing capital, hiring, or retaining employees in Missouri.[8]

Missouri small businesses would be affected by the Initiative Petitions. Small businesses have less bargaining power or ability to weather union organizing events or work stoppages. The regulatory burdens associated with running a union shop are higher per capita for a small business. Due to their size, small businesses are less likely to unionize, but small businesses that do unionize will become less competitive.

In short, much of the fiscal impact of the Initiative Petitions will be secondary. The only direct cost is the potential costs state and local government entities may incur in renegotiating employment contracts. The Initiative Petitions will not directly result in any government savings or increased revenues. Because these fiscal notes call for the Auditor to operate in the area of secondary effects, it is critical that she treat both sides of the question equally.

Conclusion

In conclusion, the State Auditor should note the increased cost to be borne by state and local government entities through employment contracting costs for employees not currently covered by an "exclusive representation" union. The other fiscal impacts are all secondary and unknown; however, future costs and revenue losses may be significant.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[8] http://www.nilrr.org/2015/09/25/right-to-work-states-represent-the-future-of-the-u-s-automotive-industry/

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local government entities expect no costs or savings. Any change in state and local revenue is unknown.

RECEIVED
DEC 13 2016
STATE AUDITORS OFFICE

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

December 13, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mike Louis regarding a proposed constitutional amendment to Article I, version 9 (2018-101)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mike Louis on December 12, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable _____, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
DEC 12 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

Version 9

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I of the Constitution is revised by amending Section 29 to read as follows:

Section 29. That employees shall have the right to organize and to bargain collectively through representatives of their own choosing. No law or ordinance shall restrict or impair an agreement which requires employees to support their chosen collective bargaining representative. The rights guaranteed by this section shall be unalienable. Any restriction on these rights shall be subject to strict scrutiny and the State of Missouri shall be obligated to uphold these rights and under no circumstances decline to protect against their infringement.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-101)

Subject

Initiative petition from Mike Louis regarding a proposed constitutional amendment to Article I. (Received December 13, 2016)

Date

January 3, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Edward D. Greim provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

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Officials from **Missouri State University** indicated no fiscal impact to their university for this petition.

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Edward D. Greim provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

Edward D. Greim
edgreim@gravesgarrett.com
Phone: (816) 256-3181
Fax: (816) 817-0863

December 28, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
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Moreover, certain public employees, namely public school teachers, are currently excluded from the Missouri Public Sector Labor Law. §§ 105.500-.530 RSMo. The Initiative Petitions impliedly repeal statutes and ordinances that limit the ability of teachers and other types of public employees to commit other employees to "exclusive representation" by a union. Public employees' contracts that already rely on laws or ordinances prohibiting exclusive representation would violate the Initiative Petitions, and require renegotiation.[2]

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The indirect effects of the Initiative Petitions present a debate this Office should not take a definitive position on. The indirect effects of prohibiting a "Right-to-Work" bill by the General Assembly are unknown. First, it is unknown if Missouri will have a Right-to-Work law in 2018, though the state most likely will.[3] Second, if Missouri has a Right-to-Work law in 2018, it is unclear what the precise scope of the law will be.[4]

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Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

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Fiscal Note Summary

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RECEIVED
DEC 12 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 12, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article X (2018-100)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 12, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of .November, . 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
DEC 12 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

State Of Missouri, County Of _____
I, _____, being first duly sworn, say (print or type names of signers)

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.
I am at least 18 years of age. I do __ do not __(check one) expect to be paid for circulating this petition.

If paid, list the payer _____ __ _____

_____.
Signature of Affiant (Person obtaining signatures)

_____
(Printed Name of Affiant)

_____
Address of Affiant

Subscribed and sworn to before me this ___ day of ___, A.D

_____

_____.
Signature of Notary

_____.
Address of Notary .

Notary Public (Seal) _____
My commission expires _____

This measure amends Article X section 26 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

Prohibition on new or local sales, use, or other similar transaction-based tax not [subject to such tax as of January 1, 2015]approved by voters. Mandate voter approval before funding or financing sport facilities.

A. Section 26. In order to prohibit an increase in the tax burden on the citizens of Missouri without voter approval, state and local sales and use taxes (or any similar transaction-based tax) shall not be expanded to impose taxes on any service or transaction that was [not subject to sales, use or similar transaction-based tax on January 1, 2015.] approved by voters.
B. Prohibit funding of sports and entertainment stadiums, centers recreation center or facilities without voter approval.
C. Prohibit expansion, extending, modifying, or amending current or future bonds, tax credits, without voter approval.
D. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

All provisions shall take effect immediately upon passage.

18-099

RECEIVED

DEC 12 2016

STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 12, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mike Louis regarding a proposed constitutional amendment to Article I, version 8 (2018-099)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mike Louis on December 9, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable _____, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
DEC 09 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I of the Constitution is revised by amending Section 29 to read as follows:

Section 29. That employees and employers shall have the right to organize and to bargain collectively through representatives of their own choosing. That an employee accepting employment with an employer in a position represented by a representative of employees' choosing may be required to contribute that employee's pro-rata share of representational costs if the employer and employees' chosen representative have so agreed.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-099)

Subject

Initiative petition from Mike Louis regarding a proposed constitutional amendment to Article I. (Received December 12, 2016)

Date

January 3, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Edward D. Greim provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated they defer to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to the fiscal note request.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal response.

Officials from the **Office of Administration** indicated:

The proposed amendment would allow employers, in addition to employees, to organize and bargain collectively. It would also require employees to contribute toward the employee's pro-rate share of representational costs if the employer and employee's chosen representative have so agreed.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any substantial impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report due to lack of quantifiable information pertaining to the language of the amendment from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from **Missouri State University** indicated no fiscal impact to their university for this petition.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this amendment will have no fiscal impact on their university.

Edward D. Greim provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

Edward D. Greim
edgreim@gravesgarrett.com
Phone: (816) 256-3181
Fax: (816) 817-0863

December 28, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102

Dear Mr. Halwes,

Please consider this letter as a fiscal impact statement regarding Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102 (the "Initiative Petitions"). If passed, any of these ten initiatives would have a negative impact on state and local governments, as well as Missouri small businesses. While the Initiative Petitions would primarily result in uncertain or unclear direct effects, the secondary effects are negative and potentially significant. Direct effects stem from labor and contracting costs that the state and its political subdivisions will incur to renegotiate contracts with labor organizations. These direct effects would be larger if, on the Initiative Petition's effective date, the state of Missouri has adopted a so-called "Right-to-Work" law. It is exceedingly likely that the state will have a Right-to-Work law by the potential effective date of the Initiative Petitions: December 6, 2018.[1]

Moreover, certain public employees, namely public school teachers, are currently excluded from the Missouri Public Sector Labor Law. §§ 105.500-.530 RSMo. The Initiative Petitions impliedly repeal statutes and ordinances that limit the ability of teachers and other types of public employees to commit other employees to "exclusive representation" by a union. Public employees' contracts that already rely on laws or ordinances prohibiting exclusive representation would violate the Initiative Petitions, and require renegotiation.[2]

[1] See, for example, http://news.stlpublicradio.org/post/only-scope-and-timing-missouris-expected-right-work-law-question#stream/0; http://www.kshb.com/news/state/missouri/missouri-moves-closer-to-becoming-right-to-work-state
[2] See http://showmeinstitute.org/blog/government-unions/teachers-union-gets-collective-bargaining-wrong

The indirect effects of the Initiative Petitions present a debate this Office should not take a definitive position on. The indirect effects of prohibiting a "Right-to-Work" bill by the General Assembly are unknown. First, it is unknown if Missouri will have a Right-to-Work law in 2018, though the state most likely will.[3] Second, if Missouri has a Right-to-Work law in 2018, it is unclear what the precise scope of the law will be.[4]

Third, regardless of whether the Initiative Petitions will, in fact, pre-empt an existing Right-to-Work law in Missouri, the overall economic impact of a state Right-to-Work law is unknown. However, most research suggests that a state Right-to-Work law would yield positive fiscal impacts for a state such as Missouri. A Right-to-Work law would make Missouri more competitive with neighboring states. Every state neighboring Missouri, except Illinois, has a Right-to-Work law. Still, the ultimate fiscal or economic impact of a constitutional provision pre-empting or preventing a Right-to-Work law is unknown.

What is known is that in areas with low union support, union membership declines with the passage of a Right-to-Work law.[5] When a union member quits the union and stops paying union dues, other things equal, the former member's take-home pay goes up. The former union member is no longer paying dues, but is able to maintain their same employment and gross wage rate. Some of this new take-home pay represents new taxable wages (through decreased deductions for payment of union dues).[6] This is a potential source of new revenue that the Initiative Petitions take away. In addition to an income tax effect, this new take-home pay may also be spent on state revenue producing activities such as consuming goods subject to sales tax or making taxable investments. If Missouri has a Right-to-Work law in 2018, some individuals who opt out of union membership will thereafter be forced to pay union dues, and taxable wages will decrease.

In 2014, James Sherk identified several indirect effects associated with Right-to-Work laws.[7] These indirect effects show that permitting a Right-to-Work law would allow Missouri to be more competitive for new jobs and decreased unemployment:

- Roughly half of all major businesses refuse to consider locating in jurisdictions with compulsory dues.
- Bureau of Labor Statistics data show that between 1990 and 2014 total employment grew more than twice as fast in right-to-work states as in states with compulsory dues.

[3] http://news.stlpublicradio.org/post/only-scope-and-timing-missouris-expected-right-work-law-question#stream/0
[4] Id.
[5] Ozkan Eren and I. Serkan Ozbeklik, "Right-to-Work Laws and State-Level Economic Outcomes: Evidence from the Case Studies of Idaho and Oklahoma Using Synthetic Control Method," Working Paper, February 2011, at http://econweb.umd.edu/~davis/eventpapers/OzbeklikRight.pdf (November 9, 2011) (identifying a 15% decline in union membership in Idaho and Oklahoma).
[6] https://www.irs.gov/publications/p17/ch28.html (stating that certain union dues reduce an individual's taxable income).
[7] http://www.heritage.org/research/reports/2014/12/right-to-work-laws-myth-vs-fact

- Average wages in right-to-work states are indeed slightly lower than in non-right-to-work states. This occurs because almost every Southern state has a right-to-work law and the South has a lower cost of living. Studies that control for differences in costs of living find workers in states with voluntary dues have no lower—and possibly slightly higher—real wages than workers in states with compulsory dues.

The Initiative Petitions seek to prevent Missouri from taking a step forward and implementing policies that would make Missouri a more attractive place to do business for large manufacturing employers. The Initiative Petitions discourage both new and current employers (like Boeing and Ford) from investing capital, hiring, or retaining employees in Missouri.[8]

Missouri small businesses would be affected by the Initiative Petitions. Small businesses have less bargaining power or ability to weather union organizing events or work stoppages. The regulatory burdens associated with running a union shop are higher per capita for a small business. Due to their size, small businesses are less likely to unionize, but small businesses that do unionize will become less competitive.

In short, much of the fiscal impact of the Initiative Petitions will be secondary. The only direct cost is the potential costs state and local government entities may incur in renegotiating employment contracts. The Initiative Petitions will not directly result in any government savings or increased revenues. Because these fiscal notes call for the Auditor to operate in the area of secondary effects, it is critical that she treat both sides of the question equally.

Conclusion

In conclusion, the State Auditor should note the increased cost to be borne by state and local government entities through employment contracting costs for employees not currently covered by an "exclusive representation" union. The other fiscal impacts are all secondary and unknown; however, future costs and revenue losses may be significant.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[8] http://www.nilrr.org/2015/09/25/right-to-work-states-represent-the-future-of-the-u-s-automotive-industry/

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local government entities expect no costs or savings. Any change in state and local revenue is unknown.

RECEIVED
DEC 12 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 12, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mike Louis regarding a proposed constitutional amendment to Article I, version 7 (2018-098)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mike Louis on December 9, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

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INITIATIVE PETITION

To the Honorable _____, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
DEC 09 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
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10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires:

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I of the Constitution is revised by amending Section 29 to read as follows:

Section 29. That employees and employers shall have the right to organize and to bargain collectively through representatives of their own choosing. No existing or future law or ordinance of the state or its political subdivisions shall impair, restrict or limit the negotiation and enforcement of any collectively bargained agreement with an employer respecting financial support by employees of their collective bargaining representative according to the terms of that agreement.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-098)

Subject

Initiative petition from Mike Louis regarding a proposed constitutional amendment to Article I. (Received December 12, 2016)

Date

January 3, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Edward D. Greim provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated they defer to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to the fiscal note request.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal response.

Officials from the **Office of Administration** indicated:

The proposed amendment would allow employers, in addition to employees, to organize and bargain collectively. It would also prohibit existing or future laws or ordinances from interfering with the ability of employees to negotiate and enforce collective bargaining agreements respecting financial support by employees of their collective bargaining representative.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any substantial impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report due to lack of quantifiable information pertaining to the language of the amendment from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from **Missouri State University** indicated no fiscal impact to their university for this petition.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this amendment will have no fiscal impact on their university.

Edward D. Greim provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

Edward D. Greim
edgreim@gravesgarrett.com
Phone: (816) 256-3181
Fax: (816) 817-0863

December 28, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102

Dear Mr. Halwes,

Please consider this letter as a fiscal impact statement regarding Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102 (the "Initiative Petitions"). If passed, any of these ten initiatives would have a negative impact on state and local governments, as well as Missouri small businesses. While the Initiative Petitions would primarily result in uncertain or unclear direct effects, the secondary effects are negative and potentially significant. Direct effects stem from labor and contracting costs that the state and its political subdivisions will incur to renegotiate contracts with labor organizations. These direct effects would be larger if, on the Initiative Petition's effective date, the state of Missouri has adopted a so-called "Right-to-Work" law. It is exceedingly likely that the state will have a Right-to-Work law by the potential effective date of the Initiative Petitions: December 6, 2018.[1]

Moreover, certain public employees, namely public school teachers, are currently excluded from the Missouri Public Sector Labor Law. §§ 105.500-.530 RSMo. The Initiative Petitions impliedly repeal statutes and ordinances that limit the ability of teachers and other types of public employees to commit other employees to "exclusive representation" by a union. Public employees' contracts that already rely on laws or ordinances prohibiting exclusive representation would violate the Initiative Petitions, and require renegotiation.[2]

[1] See, for example, http://news.stlpublicradio.org/post/only-scope-and-timing-missouris-expected-right-work-law-question#stream/0; http://www.kshb.com/news/state/missouri/missouri-moves-closer-to-becoming-right-to-work-state
[2] See http://showmeinstitute.org/blog/government-unions/teachers-union-gets-collective-bargaining-wrong

The indirect effects of the Initiative Petitions present a debate this Office should not take a definitive position on. The indirect effects of prohibiting a "Right-to-Work" bill by the General Assembly are unknown. First, it is unknown if Missouri will have a Right-to-Work law in 2018, though the state most likely will.[3] Second, if Missouri has a Right-to-Work law in 2018, it is unclear what the precise scope of the law will be.[4]

Third, regardless of whether the Initiative Petitions will, in fact, pre-empt an existing Right-to-Work law in Missouri, the overall economic impact of a state Right-to-Work law is unknown. However, most research suggests that a state Right-to-Work law would yield positive fiscal impacts for a state such as Missouri. A Right-to-Work law would make Missouri more competitive with neighboring states. Every state neighboring Missouri, except Illinois, has a Right-to-Work law. Still, the ultimate fiscal or economic impact of a constitutional provision pre-empting or preventing a Right-to-Work law is unknown.

What is known is that in areas with low union support, union membership declines with the passage of a Right-to-Work law.[5] When a union member quits the union and stops paying union dues, other things equal, the former member's take-home pay goes up. The former union member is no longer paying dues, but is able to maintain their same employment and gross wage rate. Some of this new take-home pay represents new taxable wages (through decreased deductions for payment of union dues).[6] This is a potential source of new revenue that the Initiative Petitions take away. In addition to an income tax effect, this new take-home pay may also be spent on state revenue producing activities such as consuming goods subject to sales tax or making taxable investments. If Missouri has a Right-to-Work law in 2018, some individuals who opt out of union membership will thereafter be forced to pay union dues, and taxable wages will decrease.

In 2014, James Sherk identified several indirect effects associated with Right-to-Work laws.[7] These indirect effects show that permitting a Right-to-Work law would allow Missouri to be more competitive for new jobs and decreased unemployment:

- Roughly half of all major businesses refuse to consider locating in jurisdictions with compulsory dues.
- Bureau of Labor Statistics data show that between 1990 and 2014 total employment grew more than twice as fast in right-to-work states as in states with compulsory dues.

[3] http://news.stlpublicradio.org/post/only-scope-and-timing-missouris-expected-right-work-law-question#stream/0
[4] Id.
[5] Ozkan Eren and I. Serkan Ozbeklik, "Right-to-Work Laws and State-Level Economic Outcomes: Evidence from the Case Studies of Idaho and Oklahoma Using Synthetic Control Method," Working Paper, February 2011, at http://econweb.umd.edu/~davis/eventpapers/OzbeklikRight.pdf (November 9, 2011) (identifying a 15% decline in union membership in Idaho and Oklahoma).
[6] https://www.irs.gov/publications/p17/ch28.html (stating that certain union dues reduce an individual's taxable income).
[7] http://www.heritage.org/research/reports/2014/12/right-to-work-laws-myth-vs-fact

- Average wages in right-to-work states are indeed slightly lower than in non-right-to-work states. This occurs because almost every Southern state has a right-to-work law and the South has a lower cost of living. Studies that control for differences in costs of living find workers in states with voluntary dues have no lower—and possibly slightly higher—real wages than workers in states with compulsory dues.

The Initiative Petitions seek to prevent Missouri from taking a step forward and implementing policies that would make Missouri a more attractive place to do business for large manufacturing employers. The Initiative Petitions discourage both new and current employers (like Boeing and Ford) from investing capital, hiring, or retaining employees in Missouri.[8]

Missouri small businesses would be affected by the Initiative Petitions. Small businesses have less bargaining power or ability to weather union organizing events or work stoppages. The regulatory burdens associated with running a union shop are higher per capita for a small business. Due to their size, small businesses are less likely to unionize, but small businesses that do unionize will become less competitive.

In short, much of the fiscal impact of the Initiative Petitions will be secondary. The only direct cost is the potential costs state and local government entities may incur in renegotiating employment contracts. The Initiative Petitions will not directly result in any government savings or increased revenues. Because these fiscal notes call for the Auditor to operate in the area of secondary effects, it is critical that she treat both sides of the question equally.

Conclusion

In conclusion, the State Auditor should note the increased cost to be borne by state and local government entities through employment contracting costs for employees not currently covered by an "exclusive representation" union. The other fiscal impacts are all secondary and unknown; however, future costs and revenue losses may be significant.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[8] http://www.nilrr.org/2015/09/25/right-to-work-states-represent-the-future-of-the-u-s-automotive-industry/

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local government entities expect no costs or savings. Any change in state and local revenue is unknown.

RECEIVED
DEC 12 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 12, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mike Louis regarding a proposed constitutional amendment to Article I, version 6 (2018-097)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mike Louis on December 9, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable _____, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
DEC 09 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I of the Constitution is revised by amending Section 29 to read as follows:

Section 29. That employees shall have the right to organize and to bargain collectively through representatives of their own choosing. No existing or future law or ordinance of the state or its political subdivisions shall impair, restrict or limit the negotiation and enforcement of any collectively bargained agreement with an employer respecting financial support by employees of their collective bargaining representative according to the terms of that agreement.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-097)

Subject

Initiative petition from Mike Louis regarding a proposed constitutional amendment to Article I. (Received December 12, 2016)

Date

January 3, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Edward D. Greim provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated they defer to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to the fiscal note request.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal response.

Officials from the **Office of Administration** indicated:

The proposed amendment would prohibit existing or future laws or ordinances from interfering with the ability of employees to negotiate and enforce collective bargaining agreements respecting financial support by employees of their collective bargaining representative.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any substantial impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report due to lack of quantifiable information pertaining to the language of the amendment from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from **Missouri State University** indicated no fiscal impact to their university for this petition.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this amendment will have no fiscal impact on their university.

Edward D. Greim provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

Edward D. Greim
edgreim@gravesgarrett.com
Phone: (816) 256-3181
Fax: (816) 817-0863

December 28, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102

Dear Mr. Halwes,

Please consider this letter as a fiscal impact statement regarding Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102 (the "Initiative Petitions"). If passed, any of these ten initiatives would have a negative impact on state and local governments, as well as Missouri small businesses. While the Initiative Petitions would primarily result in uncertain or unclear direct effects, the secondary effects are negative and potentially significant. Direct effects stem from labor and contracting costs that the state and its political subdivisions will incur to renegotiate contracts with labor organizations. These direct effects would be larger if, on the Initiative Petition's effective date, the state of Missouri has adopted a so-called "Right-to-Work" law. It is exceedingly likely that the state will have a Right-to-Work law by the potential effective date of the Initiative Petitions: December 6, 2018.[1]

Moreover, certain public employees, namely public school teachers, are currently excluded from the Missouri Public Sector Labor Law. §§ 105.500-.530 RSMo. The Initiative Petitions impliedly repeal statutes and ordinances that limit the ability of teachers and other types of public employees to commit other employees to "exclusive representation" by a union. Public employees' contracts that already rely on laws or ordinances prohibiting exclusive representation would violate the Initiative Petitions, and require renegotiation.[2]

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[2] See http://showmeinstitute.org/blog/government-unions/teachers-union-gets-collective-bargaining-wrong

The indirect effects of the Initiative Petitions present a debate this Office should not take a definitive position on. The indirect effects of prohibiting a "Right-to-Work" bill by the General Assembly are unknown. First, it is unknown if Missouri will have a Right-to-Work law in 2018, though the state most likely will.[3] Second, if Missouri has a Right-to-Work law in 2018, it is unclear what the precise scope of the law will be.[4]

Third, regardless of whether the Initiative Petitions will, in fact, pre-empt an existing Right-to-Work law in Missouri, the overall economic impact of a state Right-to-Work law is unknown. However, most research suggests that a state Right-to-Work law would yield positive fiscal impacts for a state such as Missouri. A Right-to-Work law would make Missouri more competitive with neighboring states. Every state neighboring Missouri, except Illinois, has a Right-to-Work law. Still, the ultimate fiscal or economic impact of a constitutional provision pre-empting or preventing a Right-to-Work law is unknown.

What is known is that in areas with low union support, union membership declines with the passage of a Right-to-Work law.[5] When a union member quits the union and stops paying union dues, other things equal, the former member's take-home pay goes up. The former union member is no longer paying dues, but is able to maintain their same employment and gross wage rate. Some of this new take-home pay represents new taxable wages (through decreased deductions for payment of union dues).[6] This is a potential source of new revenue that the Initiative Petitions take away. In addition to an income tax effect, this new take-home pay may also be spent on state revenue producing activities such as consuming goods subject to sales tax or making taxable investments. If Missouri has a Right-to-Work law in 2018, some individuals who opt out of union membership will thereafter be forced to pay union dues, and taxable wages will decrease.

In 2014, James Sherk identified several indirect effects associated with Right-to-Work laws.[7] These indirect effects show that permitting a Right-to-Work law would allow Missouri to be more competitive for new jobs and decreased unemployment:

- Roughly half of all major businesses refuse to consider locating in jurisdictions with compulsory dues.
- Bureau of Labor Statistics data show that between 1990 and 2014 total employment grew more than twice as fast in right-to-work states as in states with compulsory dues.

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In short, much of the fiscal impact of the Initiative Petitions will be secondary. The only direct cost is the potential costs state and local government entities may incur in renegotiating employment contracts. The Initiative Petitions will not directly result in any government savings or increased revenues. Because these fiscal notes call for the Auditor to operate in the area of secondary effects, it is critical that she treat both sides of the question equally.

Conclusion

In conclusion, the State Auditor should note the increased cost to be borne by state and local government entities through employment contracting costs for employees not currently covered by an "exclusive representation" union. The other fiscal impacts are all secondary and unknown; however, future costs and revenue losses may be significant.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

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The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local government entities expect no costs or savings. Any change in state and local revenue is unknown.

RECEIVED
DEC 12 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 12, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mike Louis regarding a proposed constitutional amendment to Article I, version 5 (2018-096)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mike Louis on December 9, 2016.

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Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable _____, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
DEC 09 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires:

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I of the Constitution is revised by amending Section 29 to read as follows:

Section 29. That employees shall have the right to organize and to bargain collectively through representatives of their own choosing. No existing or future law or ordinance of the state or its political subdivisions shall impair, restrict or limit the ability of employees to negotiate, enter into and enforce any collectively bargained agreement with an employer that provides financial support for the representational services their collective bargaining representative performs.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-096)

Subject

Initiative petition from Mike Louis regarding a proposed constitutional amendment to Article I. (Received December 12, 2016)

Date

January 3, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Edward D. Greim provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated they defer to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to the fiscal note request.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal response.

Officials from the **Office of Administration** indicated:

The proposed amendment would prohibit existing or future laws or ordinances from interfering with the ability of employees to negotiate and enforce collective bargaining agreements respecting financial support by employees of their collective bargaining representative.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any substantial impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report due to lack of quantifiable information pertaining to the language of the amendment from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from **Missouri State University** indicated no fiscal impact to their university for this petition.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this amendment will have no fiscal impact on their university.

Edward D. Greim provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

Edward D. Greim
edgreim@gravesgarrett.com
Phone: (816) 256-3181
Fax: (816) 817-0863

December 28, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102

Dear Mr. Halwes,

Please consider this letter as a fiscal impact statement regarding Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102 (the "Initiative Petitions"). If passed, any of these ten initiatives would have a negative impact on state and local governments, as well as Missouri small businesses. While the Initiative Petitions would primarily result in uncertain or unclear direct effects, the secondary effects are negative and potentially significant. Direct effects stem from labor and contracting costs that the state and its political subdivisions will incur to renegotiate contracts with labor organizations. These direct effects would be larger if, on the Initiative Petition's effective date, the state of Missouri has adopted a so-called "Right-to-Work" law. It is exceedingly likely that the state will have a Right-to-Work law by the potential effective date of the Initiative Petitions: December 6, 2018.[1]

Moreover, certain public employees, namely public school teachers, are currently excluded from the Missouri Public Sector Labor Law. §§ 105.500-.530 RSMo. The Initiative Petitions impliedly repeal statutes and ordinances that limit the ability of teachers and other types of public employees to commit other employees to "exclusive representation" by a union. Public employees' contracts that already rely on laws or ordinances prohibiting exclusive representation would violate the Initiative Petitions, and require renegotiation.[2]

[1] See, for example, http://news.stlpublicradio.org/post/only-scope-and-timing-missouris-expected-right-work-law-question#stream/0; http://www.kshb.com/news/state/missouri/missouri-moves-closer-to-becoming-right-to-work-state
[2] See http://showmeinstitute.org/blog/government-unions/teachers-union-gets-collective-bargaining-wrong

The indirect effects of the Initiative Petitions present a debate this Office should not take a definitive position on. The indirect effects of prohibiting a "Right-to-Work" bill by the General Assembly are unknown. First, it is unknown if Missouri will have a Right-to-Work law in 2018, though the state most likely will.[3] Second, if Missouri has a Right-to-Work law in 2018, it is unclear what the precise scope of the law will be.[4]

Third, regardless of whether the Initiative Petitions will, in fact, pre-empt an existing Right-to-Work law in Missouri, the overall economic impact of a state Right-to-Work law is unknown. However, most research suggests that a state Right-to-Work law would yield positive fiscal impacts for a state such as Missouri. A Right-to-Work law would make Missouri more competitive with neighboring states. Every state neighboring Missouri, except Illinois, has a Right-to-Work law. Still, the ultimate fiscal or economic impact of a constitutional provision pre-empting or preventing a Right-to-Work law is unknown.

What is known is that in areas with low union support, union membership declines with the passage of a Right-to-Work law.[5] When a union member quits the union and stops paying union dues, other things equal, the former member's take-home pay goes up. The former union member is no longer paying dues, but is able to maintain their same employment and gross wage rate. Some of this new take-home pay represents new taxable wages (through decreased deductions for payment of union dues).[6] This is a potential source of new revenue that the Initiative Petitions take away. In addition to an income tax effect, this new take-home pay may also be spent on state revenue producing activities such as consuming goods subject to sales tax or making taxable investments. If Missouri has a Right-to-Work law in 2018, some individuals who opt out of union membership will thereafter be forced to pay union dues, and taxable wages will decrease.

In 2014, James Sherk identified several indirect effects associated with Right-to-Work laws.[7] These indirect effects show that permitting a Right-to-Work law would allow Missouri to be more competitive for new jobs and decreased unemployment:

- Roughly half of all major businesses refuse to consider locating in jurisdictions with compulsory dues.
- Bureau of Labor Statistics data show that between 1990 and 2014 total employment grew more than twice as fast in right-to-work states as in states with compulsory dues.

[3] http://news.stlpublicradio.org/post/only-scope-and-timing-missouris-expected-right-work-law-question#stream/0
[4] Id.
[5] Ozkan Eren and I. Serkan Ozbeklik, "Right-to-Work Laws and State-Level Economic Outcomes: Evidence from the Case Studies of Idaho and Oklahoma Using Synthetic Control Method," Working Paper, February 2011, at http://econweb.umd.edu/~davis/eventpapers/OzbeklikRight.pdf (November 9, 2011) (identifying a 15% decline in union membership in Idaho and Oklahoma).
[6] https://www.irs.gov/publications/p17/ch28.html (stating that certain union dues reduce an individual's taxable income).
[7] http://www.heritage.org/research/reports/2014/12/right-to-work-laws-myth-vs-fact

- Average wages in right-to-work states are indeed slightly lower than in non-right-to-work states. This occurs because almost every Southern state has a right-to-work law and the South has a lower cost of living. Studies that control for differences in costs of living find workers in states with voluntary dues have no lower—and possibly slightly higher—real wages than workers in states with compulsory dues.

The Initiative Petitions seek to prevent Missouri from taking a step forward and implementing policies that would make Missouri a more attractive place to do business for large manufacturing employers. The Initiative Petitions discourage both new and current employers (like Boeing and Ford) from investing capital, hiring, or retaining employees in Missouri.[8]

Missouri small businesses would be affected by the Initiative Petitions. Small businesses have less bargaining power or ability to weather union organizing events or work stoppages. The regulatory burdens associated with running a union shop are higher per capita for a small business. Due to their size, small businesses are less likely to unionize, but small businesses that do unionize will become less competitive.

In short, much of the fiscal impact of the Initiative Petitions will be secondary. The only direct cost is the potential costs state and local government entities may incur in renegotiating employment contracts. The Initiative Petitions will not directly result in any government savings or increased revenues. Because these fiscal notes call for the Auditor to operate in the area of secondary effects, it is critical that she treat both sides of the question equally.

Conclusion

In conclusion, the State Auditor should note the increased cost to be borne by state and local government entities through employment contracting costs for employees not currently covered by an "exclusive representation" union. The other fiscal impacts are all secondary and unknown; however, future costs and revenue losses may be significant.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[8] http://www.nilrr.org/2015/09/25/right-to-work-states-represent-the-future-of-the-u-s-automotive-industry/

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local government entities expect no costs or savings. Any change in state and local revenue is unknown.

RECEIVED
DEC 12 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 12, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mike Louis regarding a proposed constitutional amendment to Article I, version 4 (2018-095)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mike Louis on December 9, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable _____, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
DEC 09 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
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9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires:

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication Section 290 of the Missouri Revised Statutes.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I of the Constitution is revised by amending Section 29 to read as follows:

Section 29. That employees and employers shall have the right to organize and to bargain collectively through representatives of their own choosing. That an employee accepting employment with an employer in a position represented by a representative of employees' choosing may be required to contribute that employee's pro-rata share of representational costs if the employer and employees' chosen representative have so agreed.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-095)

Subject

Initiative petition from Mike Louis regarding a proposed constitutional amendment to Article I. (Received December 12, 2016)

Date

January 3, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Edward D. Greim provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated they defer to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to the fiscal note request.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal response.

Officials from the **Office of Administration** indicated:

The proposed amendment would allow employers, in addition to employees, to organize and bargain collectively. It would also require employees to contribute toward the employee's pro-rate share of representational costs if the employer and employee's chosen representative have so agreed.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any substantial impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report due to lack of quantifiable information pertaining to the language of the amendment from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from **Missouri State University** indicated no fiscal impact to their university for this petition.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this amendment will have no fiscal impact on their university.

Edward D. Greim provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

Edward D. Greim
edgreim@gravesgarrett.com
Phone: (816) 256-3181
Fax: (816) 817-0863

December 28, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102

Dear Mr. Halwes,

Please consider this letter as a fiscal impact statement regarding Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102 (the "Initiative Petitions"). If passed, any of these ten initiatives would have a negative impact on state and local governments, as well as Missouri small businesses. While the Initiative Petitions would primarily result in uncertain or unclear direct effects, the secondary effects are negative and potentially significant. Direct effects stem from labor and contracting costs that the state and its political subdivisions will incur to renegotiate contracts with labor organizations. These direct effects would be larger if, on the Initiative Petition's effective date, the state of Missouri has adopted a so-called "Right-to-Work" law. It is exceedingly likely that the state will have a Right-to-Work law by the potential effective date of the Initiative Petitions: December 6, 2018.[1]

Moreover, certain public employees, namely public school teachers, are currently excluded from the Missouri Public Sector Labor Law. §§ 105.500-.530 RSMo. The Initiative Petitions impliedly repeal statutes and ordinances that limit the ability of teachers and other types of public employees to commit other employees to "exclusive representation" by a union. Public employees' contracts that already rely on laws or ordinances prohibiting exclusive representation would violate the Initiative Petitions, and require renegotiation.[2]

[1] See, for example, http://news.stlpublicradio.org/post/only-scope-and-timing-missouris-expected-right-work-law-question#stream/0; http://www.kshb.com/news/state/missouri/missouri-moves-closer-to-becoming-right-to-work-state
[2] See http://showmeinstitute.org/blog/government-unions/teachers-union-gets-collective-bargaining-wrong

The indirect effects of the Initiative Petitions present a debate this Office should not take a definitive position on. The indirect effects of prohibiting a "Right-to-Work" bill by the General Assembly are unknown. First, it is unknown if Missouri will have a Right-to-Work law in 2018, though the state most likely will.[3] Second, if Missouri has a Right-to-Work law in 2018, it is unclear what the precise scope of the law will be.[4]

Third, regardless of whether the Initiative Petitions will, in fact, pre-empt an existing Right-to-Work law in Missouri, the overall economic impact of a state Right-to-Work law is unknown. However, most research suggests that a state Right-to-Work law would yield positive fiscal impacts for a state such as Missouri. A Right-to-Work law would make Missouri more competitive with neighboring states. Every state neighboring Missouri, except Illinois, has a Right-to-Work law. Still, the ultimate fiscal or economic impact of a constitutional provision pre-empting or preventing a Right-to-Work law is unknown.

What is known is that in areas with low union support, union membership declines with the passage of a Right-to-Work law.[5] When a union member quits the union and stops paying union dues, other things equal, the former member's take-home pay goes up. The former union member is no longer paying dues, but is able to maintain their same employment and gross wage rate. Some of this new take-home pay represents new taxable wages (through decreased deductions for payment of union dues).[6] This is a potential source of new revenue that the Initiative Petitions take away. In addition to an income tax effect, this new take-home pay may also be spent on state revenue producing activities such as consuming goods subject to sales tax or making taxable investments. If Missouri has a Right-to-Work law in 2018, some individuals who opt out of union membership will thereafter be forced to pay union dues, and taxable wages will decrease.

In 2014, James Sherk identified several indirect effects associated with Right-to-Work laws.[7] These indirect effects show that permitting a Right-to-Work law would allow Missouri to be more competitive for new jobs and decreased unemployment:

- Roughly half of all major businesses refuse to consider locating in jurisdictions with compulsory dues.
- Bureau of Labor Statistics data show that between 1990 and 2014 total employment grew more than twice as fast in right-to-work states as in states with compulsory dues.

[3] http://news.stlpublicradio.org/post/only-scope-and-timing-missouris-expected-right-work-law-question#stream/0
[4] Id.
[5] Ozkan Eren and I. Serkan Ozbeklik, "Right-to-Work Laws and State-Level Economic Outcomes: Evidence from the Case Studies of Idaho and Oklahoma Using Synthetic Control Method," Working Paper, February 2011, at http://econweb.umd.edu/~davis/eventpapers/OzbeklikRight.pdf (November 9, 2011) (identifying a 15% decline in union membership in Idaho and Oklahoma).
[6] https://www.irs.gov/publications/p17/ch28.html (stating that certain union dues reduce an individual's taxable income).
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- Average wages in right-to-work states are indeed slightly lower than in non-right-to-work states. This occurs because almost every Southern state has a right-to-work law and the South has a lower cost of living. Studies that control for differences in costs of living find workers in states with voluntary dues have no lower—and possibly slightly higher—real wages than workers in states with compulsory dues.

The Initiative Petitions seek to prevent Missouri from taking a step forward and implementing policies that would make Missouri a more attractive place to do business for large manufacturing employers. The Initiative Petitions discourage both new and current employers (like Boeing and Ford) from investing capital, hiring, or retaining employees in Missouri.[8]

Missouri small businesses would be affected by the Initiative Petitions. Small businesses have less bargaining power or ability to weather union organizing events or work stoppages. The regulatory burdens associated with running a union shop are higher per capita for a small business. Due to their size, small businesses are less likely to unionize, but small businesses that do unionize will become less competitive.

In short, much of the fiscal impact of the Initiative Petitions will be secondary. The only direct cost is the potential costs state and local government entities may incur in renegotiating employment contracts. The Initiative Petitions will not directly result in any government savings or increased revenues. Because these fiscal notes call for the Auditor to operate in the area of secondary effects, it is critical that she treat both sides of the question equally.

Conclusion

In conclusion, the State Auditor should note the increased cost to be borne by state and local government entities through employment contracting costs for employees not currently covered by an "exclusive representation" union. The other fiscal impacts are all secondary and unknown; however, future costs and revenue losses may be significant.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[8] http://www.nilrr.org/2015/09/25/right-to-work-states-represent-the-future-of-the-u-s-automotive-industry/

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local government entities expect no costs or savings. Any change in state and local revenue is unknown.

RECEIVED
DEC 12 2016
STATE AUDITORS OFFICE

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

December 12, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mike Louis regarding a proposed constitutional amendment to Article I, version 3 (2018-094)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mike Louis on December 9, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable _____, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
DEC 09 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires:

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication Section 290 of the Missouri Revised Statutes.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I of the Constitution is revised by amending Section 29 to read as follows:

Section 29. That employees and employers shall have the right to organize and to bargain collectively through representatives of their own choosing. No existing or future law or ordinance of the state or its political subdivisions shall impair, restrict or limit the negotiation and enforcement of any collectively bargained agreement with an employer respecting financial support by employees of their collective bargaining representative according to the terms of that agreement.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-094)

Subject

Initiative petition from Mike Louis regarding a proposed constitutional amendment to Article I. (Received December 12, 2016)

Date

January 3, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Edward D. Greim provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated they defer to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to the fiscal note request.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal response.

Officials from the **Office of Administration** indicated:

The proposed amendment would allow employers, in addition to employees, to organize and bargain collectively. It would also prohibit existing or future laws or ordinances from interfering with the ability of employees to negotiate, enter into and enforce collective bargaining agreements that provide financial support for the presentational services their collective bargaining representative performs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any substantial impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report due to lack of quantifiable information pertaining to the language of the amendment from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from **Missouri State University** indicated no fiscal impact to their university for this petition.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this amendment will have no fiscal impact on their university.

Edward D. Greim provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

Edward D. Greim
edgreim@gravesgarrett.com
Phone: (816) 256-3181
Fax: (816) 817-0863

December 28, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102

Dear Mr. Halwes,

Please consider this letter as a fiscal impact statement regarding Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102 (the "Initiative Petitions"). If passed, any of these ten initiatives would have a negative impact on state and local governments, as well as Missouri small businesses. While the Initiative Petitions would primarily result in uncertain or unclear direct effects, the secondary effects are negative and potentially significant. Direct effects stem from labor and contracting costs that the state and its political subdivisions will incur to renegotiate contracts with labor organizations. These direct effects would be larger if, on the Initiative Petition's effective date, the state of Missouri has adopted a so-called "Right-to-Work" law. It is exceedingly likely that the state will have a Right-to-Work law by the potential effective date of the Initiative Petitions: December 6, 2018.[1]

Moreover, certain public employees, namely public school teachers, are currently excluded from the Missouri Public Sector Labor Law. §§ 105.500-.530 RSMo. The Initiative Petitions impliedly repeal statutes and ordinances that limit the ability of teachers and other types of public employees to commit other employees to "exclusive representation" by a union. Public employees' contracts that already rely on laws or ordinances prohibiting exclusive representation would violate the Initiative Petitions, and require renegotiation.[2]

[1] See, for example, http://news.stlpublicradio.org/post/only-scope-and-timing-missouris-expected-right-work-law-question#stream/0; http://www.kshb.com/news/state/missouri/missouri-moves-closer-to-becoming-right-to-work-state
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The indirect effects of the Initiative Petitions present a debate this Office should not take a definitive position on. The indirect effects of prohibiting a "Right-to-Work" bill by the General Assembly are unknown. First, it is unknown if Missouri will have a Right-to-Work law in 2018, though the state most likely will.[3] Second, if Missouri has a Right-to-Work law in 2018, it is unclear what the precise scope of the law will be.[4]

Third, regardless of whether the Initiative Petitions will, in fact, pre-empt an existing Right-to-Work law in Missouri, the overall economic impact of a state Right-to-Work law is unknown. However, most research suggests that a state Right-to-Work law would yield positive fiscal impacts for a state such as Missouri. A Right-to-Work law would make Missouri more competitive with neighboring states. Every state neighboring Missouri, except Illinois, has a Right-to-Work law. Still, the ultimate fiscal or economic impact of a constitutional provision pre-empting or preventing a Right-to-Work law is unknown.

What is known is that in areas with low union support, union membership declines with the passage of a Right-to-Work law.[5] When a union member quits the union and stops paying union dues, other things equal, the former member's take-home pay goes up. The former union member is no longer paying dues, but is able to maintain their same employment and gross wage rate. Some of this new take-home pay represents new taxable wages (through decreased deductions for payment of union dues).[6] This is a potential source of new revenue that the Initiative Petitions take away. In addition to an income tax effect, this new take-home pay may also be spent on state revenue producing activities such as consuming goods subject to sales tax or making taxable investments. If Missouri has a Right-to-Work law in 2018, some individuals who opt out of union membership will thereafter be forced to pay union dues, and taxable wages will decrease.

In 2014, James Sherk identified several indirect effects associated with Right-to-Work laws.[7] These indirect effects show that permitting a Right-to-Work law would allow Missouri to be more competitive for new jobs and decreased unemployment:

- Roughly half of all major businesses refuse to consider locating in jurisdictions with compulsory dues.
- Bureau of Labor Statistics data show that between 1990 and 2014 total employment grew more than twice as fast in right-to-work states as in states with compulsory dues.

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- Average wages in right-to-work states are indeed slightly lower than in non-right-to-work states. This occurs because almost every Southern state has a right-to-work law and the South has a lower cost of living. Studies that control for differences in costs of living find workers in states with voluntary dues have no lower—and possibly slightly higher—real wages than workers in states with compulsory dues.

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In short, much of the fiscal impact of the Initiative Petitions will be secondary. The only direct cost is the potential costs state and local government entities may incur in renegotiating employment contracts. The Initiative Petitions will not directly result in any government savings or increased revenues. Because these fiscal notes call for the Auditor to operate in the area of secondary effects, it is critical that she treat both sides of the question equally.

Conclusion

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Partner, Graves Garrett, LLC

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Fiscal Note Summary

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DEC 12 2016
STATE AUDITORS OFFICE

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

December 12, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mike Louis regarding a proposed constitutional amendment to Article I, version 2 (2018-093)

Dear Auditor Galloway:

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We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

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INITIATIVE PETITION

To the Honorable _____, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
DEC 09 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Street address of Affiant

_____
Printed Name of Affiant

_____
City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires:

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication Section 290 of the Missouri Revised Statutes.

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Article I of the Constitution is revised by amending Section 29 to read as follows:

Section 29. That employees shall have the right to organize and to bargain collectively through representatives of their own choosing. No existing or future law or ordinance of the state or its political subdivisions shall impair, restrict or limit the negotiation and enforcement of any collectively bargained agreement with an employer respecting financial support by employees of their collective bargaining representative according to the terms of that agreement.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-093)

Subject

Initiative petition from Mike Louis regarding a proposed constitutional amendment to Article I. (Received December 12, 2016)

Date

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Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Edward D. Greim provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated they defer to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to the fiscal note request.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal response.

Officials from the **Office of Administration** indicated:

The proposed amendment would prohibit existing or future laws or ordinances from interfering with the ability of employees to negotiate, enter into and enforce collective bargaining agreements that provide financial support for the presentational services their collective bargaining representative performs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any substantial impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report due to lack of quantifiable information pertaining to the language of the amendment from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from **Missouri State University** indicated no fiscal impact to their university for this petition.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this amendment will have no fiscal impact on their university.

Edward D. Greim provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

Edward D. Greim
edgreim@gravesgarrett.com
Phone: (816) 256-3181
Fax: (816) 817-0863

December 28, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102

Dear Mr. Halwes,

Please consider this letter as a fiscal impact statement regarding Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102 (the "Initiative Petitions"). If passed, any of these ten initiatives would have a negative impact on state and local governments, as well as Missouri small businesses. While the Initiative Petitions would primarily result in uncertain or unclear direct effects, the secondary effects are negative and potentially significant. Direct effects stem from labor and contracting costs that the state and its political subdivisions will incur to renegotiate contracts with labor organizations. These direct effects would be larger if, on the Initiative Petition's effective date, the state of Missouri has adopted a so-called "Right-to-Work" law. It is exceedingly likely that the state will have a Right-to-Work law by the potential effective date of the Initiative Petitions: December 6, 2018.[1]

Moreover, certain public employees, namely public school teachers, are currently excluded from the Missouri Public Sector Labor Law. §§ 105.500-.530 RSMo. The Initiative Petitions impliedly repeal statutes and ordinances that limit the ability of teachers and other types of public employees to commit other employees to "exclusive representation" by a union. Public employees' contracts that already rely on laws or ordinances prohibiting exclusive representation would violate the Initiative Petitions, and require renegotiation.[2]

[1] See, for example, http://news.stlpublicradio.org/post/only-scope-and-timing-missouris-expected-right-work-law-question#stream/0; http://www.kshb.com/news/state/missouri/missouri-moves-closer-to-becoming-right-to-work-state
[2] See http://showmeinstitute.org/blog/government-unions/teachers-union-gets-collective-bargaining-wrong

The indirect effects of the Initiative Petitions present a debate this Office should not take a definitive position on. The indirect effects of prohibiting a "Right-to-Work" bill by the General Assembly are unknown. First, it is unknown if Missouri will have a Right-to-Work law in 2018, though the state most likely will.[3] Second, if Missouri has a Right-to-Work law in 2018, it is unclear what the precise scope of the law will be.[4]

Third, regardless of whether the Initiative Petitions will, in fact, pre-empt an existing Right-to-Work law in Missouri, the overall economic impact of a state Right-to-Work law is unknown. However, most research suggests that a state Right-to-Work law would yield positive fiscal impacts for a state such as Missouri. A Right-to-Work law would make Missouri more competitive with neighboring states. Every state neighboring Missouri, except Illinois, has a Right-to-Work law. Still, the ultimate fiscal or economic impact of a constitutional provision pre-empting or preventing a Right-to-Work law is unknown.

What is known is that in areas with low union support, union membership declines with the passage of a Right-to-Work law.[5] When a union member quits the union and stops paying union dues, other things equal, the former member's take-home pay goes up. The former union member is no longer paying dues, but is able to maintain their same employment and gross wage rate. Some of this new take-home pay represents new taxable wages (through decreased deductions for payment of union dues).[6] This is a potential source of new revenue that the Initiative Petitions take away. In addition to an income tax effect, this new take-home pay may also be spent on state revenue producing activities such as consuming goods subject to sales tax or making taxable investments. If Missouri has a Right-to-Work law in 2018, some individuals who opt out of union membership will thereafter be forced to pay union dues, and taxable wages will decrease.

In 2014, James Sherk identified several indirect effects associated with Right-to-Work laws.[7] These indirect effects show that permitting a Right-to-Work law would allow Missouri to be more competitive for new jobs and decreased unemployment:

- Roughly half of all major businesses refuse to consider locating in jurisdictions with compulsory dues.
- Bureau of Labor Statistics data show that between 1990 and 2014 total employment grew more than twice as fast in right-to-work states as in states with compulsory dues.

[3] http://news.stlpublicradio.org/post/only-scope-and-timing-missouris-expected-right-work-law-question#stream/0
[4] Id.
[5] Ozkan Eren and I. Serkan Ozbeklik, "Right-to-Work Laws and State-Level Economic Outcomes: Evidence from the Case Studies of Idaho and Oklahoma Using Synthetic Control Method," Working Paper, February 2011, at http://econweb.umd.edu/~davis/eventpapers/OzbeklikRight.pdf (November 9, 2011) (identifying a 15% decline in union membership in Idaho and Oklahoma).
[6] https://www.irs.gov/publications/p17/ch28.html (stating that certain union dues reduce an individual's taxable income).
[7] http://www.heritage.org/research/reports/2014/12/right-to-work-laws-myth-vs-fact

- Average wages in right-to-work states are indeed slightly lower than in non-right-to-work states. This occurs because almost every Southern state has a right-to-work law and the South has a lower cost of living. Studies that control for differences in costs of living find workers in states with voluntary dues have no lower—and possibly slightly higher—real wages than workers in states with compulsory dues.

The Initiative Petitions seek to prevent Missouri from taking a step forward and implementing policies that would make Missouri a more attractive place to do business for large manufacturing employers. The Initiative Petitions discourage both new and current employers (like Boeing and Ford) from investing capital, hiring, or retaining employees in Missouri.[8]

Missouri small businesses would be affected by the Initiative Petitions. Small businesses have less bargaining power or ability to weather union organizing events or work stoppages. The regulatory burdens associated with running a union shop are higher per capita for a small business. Due to their size, small businesses are less likely to unionize, but small businesses that do unionize will become less competitive.

In short, much of the fiscal impact of the Initiative Petitions will be secondary. The only direct cost is the potential costs state and local government entities may incur in renegotiating employment contracts. The Initiative Petitions will not directly result in any government savings or increased revenues. Because these fiscal notes call for the Auditor to operate in the area of secondary effects, it is critical that she treat both sides of the question equally.

Conclusion

In conclusion, the State Auditor should note the increased cost to be borne by state and local government entities through employment contracting costs for employees not currently covered by an "exclusive representation" union. The other fiscal impacts are all secondary and unknown; however, future costs and revenue losses may be significant.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[8] http://www.nilrr.org/2015/09/25/right-to-work-states-represent-the-future-of-the-u-s-automotive-industry/

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local government entities expect no costs or savings. Any change in state and local revenue is unknown.

RECEIVED
DEC 12 2016
STATE AUDITORS OFFICE

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

December 12, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Mike Louis regarding a proposed constitutional amendment to Article I, version 1 (2018-092)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Mike Louis on December 9, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable _____, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and name of the city, town or village in which I live are correctly written after my name.

[OFFICIAL BALLOT TITLE]

RECEIVED
DEC 09 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI,

COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)
(Petition Circulator's Printed Name)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	Zip Code	Congr. Dist.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ Street address of Affiant

_____ Printed Name of Affiant

_____ City, State and Zip Code of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____ Signature of Notary

Notary Public (Seal)

_____ Address of Notary

My commission expires:

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication Section 290 of the Missouri Revised Statutes.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I of the Constitution is revised by amending Section 29 to read as follows:

Section 29. That employees shall have the right to organize and to bargain collectively through representatives of their own choosing. No existing or future law or ordinance of the state or its political subdivisions shall impair, restrict or limit the ability of employees to negotiate, enter into and enforce any collectively bargained agreement with an employer that provides financial support for the representational services their collective bargaining representative performs.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-092)

Subject

Initiative petition from Mike Louis regarding a proposed constitutional amendment to Article I. (Received December 12, 2016)

Date

January 3, 2017

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Kansas City Boards of Police Commissioners,** the **Metropolitan Police Department - City of St. Louis, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Edward D. Greim provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated they defer to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this legislation.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to the fiscal note request.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated no fiscal response.

Officials from the **Office of Administration** indicated:

The proposed amendment would prohibit existing or future laws or ordinances from interfering with the ability of employees to negotiate, enter into and enforce collective bargaining agreements that provide financial support for the presentational services their collective bargaining representative performs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

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Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any substantial impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

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Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined there would be no significant financial impact on their university.

Officials from **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from **Missouri State University** indicated no fiscal impact to their university for this petition.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated this amendment will have no fiscal impact on their university.

Edward D. Greim provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

Edward D. Greim
edgreim@gravesgarrett.com
Phone: (816) 256-3181
Fax: (816) 817-0863

December 28, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102

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Please consider this letter as a fiscal impact statement regarding Initiative Petitions 2018-092 through 2018-099 and 2018-101 through 2018-102 (the "Initiative Petitions"). If passed, any of these ten initiatives would have a negative impact on state and local governments, as well as Missouri small businesses. While the Initiative Petitions would primarily result in uncertain or unclear direct effects, the secondary effects are negative and potentially significant. Direct effects stem from labor and contracting costs that the state and its political subdivisions will incur to renegotiate contracts with labor organizations. These direct effects would be larger if, on the Initiative Petition's effective date, the state of Missouri has adopted a so-called "Right-to-Work" law. It is exceedingly likely that the state will have a Right-to-Work law by the potential effective date of the Initiative Petitions: December 6, 2018.[1]

Moreover, certain public employees, namely public school teachers, are currently excluded from the Missouri Public Sector Labor Law. §§ 105.500-.530 RSMo. The Initiative Petitions impliedly repeal statutes and ordinances that limit the ability of teachers and other types of public employees to commit other employees to "exclusive representation" by a union. Public employees' contracts that already rely on laws or ordinances prohibiting exclusive representation would violate the Initiative Petitions, and require renegotiation.[2]

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[2] See http://showmeinstitute.org/blog/government-unions/teachers-union-gets-collective-bargaining-wrong

The indirect effects of the Initiative Petitions present a debate this Office should not take a definitive position on. The indirect effects of prohibiting a "Right-to-Work" bill by the General Assembly are unknown. First, it is unknown if Missouri will have a Right-to-Work law in 2018, though the state most likely will.[3] Second, if Missouri has a Right-to-Work law in 2018, it is unclear what the precise scope of the law will be.[4]

Third, regardless of whether the Initiative Petitions will, in fact, pre-empt an existing Right-to-Work law in Missouri, the overall economic impact of a state Right-to-Work law is unknown. However, most research suggests that a state Right-to-Work law would yield positive fiscal impacts for a state such as Missouri. A Right-to-Work law would make Missouri more competitive with neighboring states. Every state neighboring Missouri, except Illinois, has a Right-to-Work law. Still, the ultimate fiscal or economic impact of a constitutional provision pre-empting or preventing a Right-to-Work law is unknown.

What is known is that in areas with low union support, union membership declines with the passage of a Right-to-Work law.[5] When a union member quits the union and stops paying union dues, other things equal, the former member's take-home pay goes up. The former union member is no longer paying dues, but is able to maintain their same employment and gross wage rate. Some of this new take-home pay represents new taxable wages (through decreased deductions for payment of union dues).[6] This is a potential source of new revenue that the Initiative Petitions take away. In addition to an income tax effect, this new take-home pay may also be spent on state revenue producing activities such as consuming goods subject to sales tax or making taxable investments. If Missouri has a Right-to-Work law in 2018, some individuals who opt out of union membership will thereafter be forced to pay union dues, and taxable wages will decrease.

In 2014, James Sherk identified several indirect effects associated with Right-to-Work laws.[7] These indirect effects show that permitting a Right-to-Work law would allow Missouri to be more competitive for new jobs and decreased unemployment:

- Roughly half of all major businesses refuse to consider locating in jurisdictions with compulsory dues.
- Bureau of Labor Statistics data show that between 1990 and 2014 total employment grew more than twice as fast in right-to-work states as in states with compulsory dues.

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[4] Id.
[5] Ozkan Eren and I. Serkan Ozbeklik, "Right-to-Work Laws and State-Level Economic Outcomes: Evidence from the Case Studies of Idaho and Oklahoma Using Synthetic Control Method," Working Paper, February 2011, at http://econweb.umd.edu/~davis/eventpapers/OzbeklikRight.pdf (November 9, 2011) (identifying a 15% decline in union membership in Idaho and Oklahoma).
[6] https://www.irs.gov/publications/p17/ch28.html (stating that certain union dues reduce an individual's taxable income).
[7] http://www.heritage.org/research/reports/2014/12/right-to-work-laws-myth-vs-fact

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The Initiative Petitions seek to prevent Missouri from taking a step forward and implementing policies that would make Missouri a more attractive place to do business for large manufacturing employers. The Initiative Petitions discourage both new and current employers (like Boeing and Ford) from investing capital, hiring, or retaining employees in Missouri.[8]

Missouri small businesses would be affected by the Initiative Petitions. Small businesses have less bargaining power or ability to weather union organizing events or work stoppages. The regulatory burdens associated with running a union shop are higher per capita for a small business. Due to their size, small businesses are less likely to unionize, but small businesses that do unionize will become less competitive.

In short, much of the fiscal impact of the Initiative Petitions will be secondary. The only direct cost is the potential costs state and local government entities may incur in renegotiating employment contracts. The Initiative Petitions will not directly result in any government savings or increased revenues. Because these fiscal notes call for the Auditor to operate in the area of secondary effects, it is critical that she treat both sides of the question equally.

Conclusion

In conclusion, the State Auditor should note the increased cost to be borne by state and local government entities through employment contracting costs for employees not currently covered by an "exclusive representation" union. The other fiscal impacts are all secondary and unknown; however, future costs and revenue losses may be significant.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[8] http://www.nilrr.org/2015/09/25/right-to-work-states-represent-the-future-of-the-u-s-automotive-industry/

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners, The Metropolitan Police Department - City of St. Louis, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local government entities expect no costs or savings. Any change in state and local revenue is unknown.

RECEIVED
DEC 09 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 9, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Timothy Gilio regarding a proposed constitutional amendment to Article IV, version 2 (2018-091)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Timothy Gilio on December 9, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of Imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or Village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
DEC 09 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF_____

I,_____being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong Dist	NAME (Print or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence: I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and_____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do_____ do not_____ (check one) expect to be paid for circulating this petition. If paid, list the payer_____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant

Subscribed and sworn to before me, this_____day of_____, A.D. _____

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires_____

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1,577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1.Cannabis aka marijuana and cannabis hemp shall immediately be removed from Missouri's list of controlled substances and shall no longer be listed among Missouri's drugs schedules.

2. Definitions of terms used in this Act: cannabis and cannabis hemp refer to cannabis marijuana, cannabis sativa, cannabis indica, cannabis ruderalis or any variety of cannabis including any derivative, concentrate, extract, flower leaf particle preparation resin root salt seed stalk stem or any product thereof.
a. Medical cannabis refers to Physician or Veterinarian written recommended use of cannabis or any form of cannabis derivative, concentrate, extract, flower, stem, stalk, root, leaf, or any Cannabis product thereof.
b. Personal aka recreational use refers to any cannabis products use not recommended by Physician's or Veterinarian's
c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging or storing of cannabis or hemp or for ingesting, inhaling, vaporizing smoking or otherwise introducing cannabis into or onto the human body with any vehicle or what could be construed as a dangerous device.
d. Establishment refers to cannabis cultivating facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares manufactures packages transports or sells cannabis or hemp products or accessories.

3. Minors refers to anyone under the age of 21
a. Cannabis or its products shall not be sold to anyone under the age of 21.
b. Anyone under the age of 21 shall have legal access to cannabis through a physician's written recommendation, parental supervision or a legal guardian for medical conditions or diseases that cannabis might help with.
c. No minor shall be prosecuted for possession of cannabis or its products & shall not be prohibited from taking cannabis as medicine in any school within the boundaries of Missouri.

4. The following acts are not unlawful and shall not be an offense under these revised Missouri law's
a. Possession or cultivation of cannabis for personal or medical use in an area sufficient to produce the quantity necessary to address one's personal or medical needs
b. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display, or possessing of any non-toxic food or food product.
c. Providing cannabis, aka marijuana and or any part of the cannabis plant thereof to be sold to the public must be tested by an accredited testing facility and all packaging labeled accordingly to reflect said testing.
d. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs through e of this section

5. Patients' rights: cannabis shall be available to all patients regardless of age, race or gender without taxation when recommended by a physician as a medicine.
a. All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means.

6. All prisoners that have been found guilty in a Missouri Court off a nonviolent cannabis related crime shall immediately be released and all charges for non-violent cannabis crimes shall be expunged from their records.
a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related nonviolent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7. No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution.
a. Any person who impedes the lawful exercise of these provisions is guilty of a class A misdemeanor and is subject to all penalties or fines thereof.
b. An additional 5% tax will be added to all personal / recreational sales of Cannabis not to include any Hemp or Hemp by products sold within the boundaries of Missouri in addition to any established state, county or city sales tax already set in place to be collected by the State of Missouri Sales Taxation Division. The 5% additional sales tax monies collected will be collected by the State of Missouri Sales Taxation Division, divided and distributed as directed in this paragraph on a quarterly basis as follows, 2.5% will go to Missouri Public Schools that teach Preschool or K through 12 grade or any combination of aforementioned . The remaining 2.5% will be directed to the Missouri Veteran Administration to help with housing, clothing, food and medical needs for our multitude of Missouri veterans.

8. Cannabis farmers, manufacturer's processors and distributors shall not be subject to any special zoning requirements, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor of agricultural products.

9. Pursuant to the ninth and tenth amendments to the constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.
a. The state of Missouri will honor all legally obtained patients medical cards regardless of the state where issued and Missouri shall become reciprocity with all legal states where Cannabis is considered legalized by law for medical or recreational use.
b. Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians or Veterinarian's; No physician or Veterinarian shall be subject to any professional license review or hearing as a result of recommending or approving medical cannabis therapy.
c. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis, hemp or any derivatives or parts thereof.

10. All provisions of this section are self-executing and serviceable. Except where otherwise indicated in the text of this document this constitutional amendment shall supersede any and all conflicting city, county, state or federal statutory, local charter, ordinance or resolution and shall be implemented no later than January 31st, following the election that placed this initiative before the people of Missouri.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-091)

Subject

Initiative petition from Timothy Gilio regarding a proposed constitutional amendment to Article IV. (Received December 9, 2016)

Date

December 30, 2016

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners** and **The Metropolitan Police Department - City of St. Louis.**

Assumptions

Officials from the **Attorney General's office** indicated this proposal would require them to develop and make public an order, within 60 days, for the immediate destruction of "all cannabis related nonviolent civil and criminal records in Missouri…" and states that the "people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act."

They assume that some amount of increased litigation would result. They assume they could absorb increased costs with existing resources, but would request additional appropriation if substantial litigation resulted.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there would be no impact to their department as a result of this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated they expect no changes in revenue and increased costs of $0 for fiscal year 2018, $99,045 for fiscal year 2019, and $169,098 for fiscal year 2020.

Section 192.945, RSMo, allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for both medical and recreational purposes. Therefore, persons with intractable epilepsy would not need to apply for a hemp extract registration card in order to legally use the CBD oil.

Rental space for two staff located in Jefferson City would be required: 2 staff x 230 sq.ft./FTE x $21.00 = $9,660.

The proposed language would legalize the use of marijuana for medical and recreational purposes. There could be an unknown impact on small businesses that serve as cultivators, manufacturers, dispensary facilities, and/or testing centers.

This proposal does not require their department to issue any licenses or conduct inspections to ensure the safety of marijuana infused food products. However, sections 196.010 through 196.298, RSMo, gives their department responsibility for the regulation of food to include such duties as ensuring food safety, sanitation, proper labeling, etc. Therefore, they would have responsibility to ensure facilities that manufacture foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

Due to the broad parameters of this proposal, it is difficult to determine how many food manufacturing facilities would be established. States which have legalized retail marijuana have seen a significant demand for edible marijuana products. For the purposes of this fiscal note, they estimates that at least 300 food manufacturing facilities would be established as a result of this proposal. In order to properly inspect these manufacturing facilities, DCPH would require a minimum of two Environmental Public Health Specialist IV staff (A27, $44,352, Step G). This law shall be implemented no later than January 31 following the November 2018 election. Therefore, DCPH assumes that the two Environmental Public Health Specialist IV positions would begin January 1, 2019.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact (cost avoidance) of $7,178,073 in fiscal year 2019, $7,511,746 in fiscal year 2020, $10,741,186 in fiscal year 2022 and thereafter.

Legalizing the possession and use of marijuana would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY16 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will be no discharges from expungement but the reduction in the prison population will increase to 214. The field reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $7,178,073 and will be $10,741,186 after the 4th year.

If marijuana usage becomes legal it could impact the safety and security of our prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of our prisons.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated total fund costs for General Revenue will be $150,012 for fiscal year 2018, $30,752 for fiscal year 2019, and $31,521 for fiscal year 2020.

This petition opens up the possibility of additional business opportunities in cannabis farming, manufacturing, and distribution of products.

Fiscal Note	IP 18-090			ITSD - DOR	
Bill Number	IP 18-090				
Will a new system be required?		X	Yes		No
Indicate fiscal year when fully implemented				FY 2018	

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	**FY 2018**	**FY 2019**	**FY 2020**
General Revenue	150,012	30,752	31,521
Other	-	-	-
Federal Funds	-	-	-
Total	150,012	30,752	31,521

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) amends article IV

New Tax System	Rate	Hours	FY 2018 $	FY 2019 $	FY 2020 $
IT Consultants	75	2,000.16	150,012	30,752	31,521
Section Total Expenditures:			150,012	30,752	31,521
Section Funding:	General Revenue		150,012	30,752	31,521
	Federal		-	-	-
	Other		-	-	-
	Total		150,012	30,752	31,521

This would create an unknown positive impact on Total State Revenue.

This petition increases state revenues by an unknown amount.

The provisions of section 7b add an additional five percent tax to all personal/recreational sales of cannabis not including hemp or hemp by-products sold in Missouri. This tax is in addition to any state, county, or city sales taxes already in place. This section also requires the division and distribution of these collections on a quarterly basis to Missouri public schools and the Missouri Veterans' Administration.

This Article states that the tax is to be collected by the State of Missouri Sales Tax Division. There is no State of Missouri Sales Tax Division and their department assumes

that the taxpayer will remit the tax to their department. Because there are no enforcement provisions, it may be difficult for their department to enforce the collection of the additional tax under current sales tax statutes. Their department will not be able to make refunds to taxpayers as the article is currently drafted.

Administrative Impact:

Business Tax Processing:
Although the legislation bases the additional five percent tax on retail sales, it is in addition to and separate from state, county, or city sales tax, and must therefore be reported and deposited separately.

If this money needs to remain in a non-state account, either it would need to stay in the sales suspense holding account until distribution or new bank accounts would need to be established for each.

ITSD - DOR				TOTAL HOURS:	2,000		
Bill Number	IP 18-090	FN #	IP 18-090				
Bill Section(s)	amends article IV						
Application Name:	New Tax System				**FY 2018**	**FY 2019**	**FY 2020**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	192	14,400	-	-
Analysis			75	96	7,200	-	-
Design			75	96	7,200	-	-
Development			75	1,236	92,700	-	-
Test			75	192	14,400	-	-
Implementation			75	40	3,000	-	-
Project Management			75	148.16	11,112	-	-
On-going support		Yes	75		-	30,752	31,521
Section Total IT Consultants:			75	2,000.16	150,012	30,752	31,521
Section Total Expenditures:					150,012	30,752	31,521
General Revenue					150,012	30,752	31,521
Federal					-	-	-
Other							
Section Funding:					150,012	30,752	31,521

Officials from the **Department of Public Safety** indicate they see no fiscal impact due to this legislation.

Officials from the **Missouri State Highway Patrol** indicated they expect increased operating costs of $426,236 for the first year implemented, $487,384 for the second year implemented, and $492,597 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094
RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Division

Currently, there are 86,600 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by our agency that could possibly meet the requirements of this proposed constitutional amendment. These are arrest and arrest/disposition records pertaining to individuals the age of 21 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only ten percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require 4 FTE's. However, if a large number of these expungements were to be granted with even four FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 35 FTE's to complete this task in approximately one year.

The addition of 35 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 86,600 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

10% = 86,600 x .10 = 8,660 / 2,485 = 4 FTE's
50% = 86,600 x .50 = 43,300 / 2,485 = 17 FTE's
100% = 86,600 / 2,485 = 35 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing ten percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for

office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

4 Quality Control Clerks ($1,015 x 24)	$97,440
Equipment/Office Furniture	$6,094

RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require our agency to rent office space for 4 FTE's to process the expungement requests. The Office of Administration states that 920 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft
Utility Costs	$2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in

sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. The definition of a "non-violent cannabis-only offense" needs to be added. It is unclear if individuals with the aforementioned conviction records are required to abide by the expungement process mandated by various other state statutes. Does the individual just complete and file a document with a circuit clerk and the record is expunged or does the "court," whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?

Our agency requests clarification of number 7 which states that no Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution. Does this mean that the Highway Patrol could no longer participate in federal operations when requested?

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** (OA) indicated:

Section 54 of Article IV would allow the medical and recreational use of marijuana and hemp, as well as the cultivation, production, transportation and retail sale of marijuana and hemp and their related products. Subsection 3 allows the sale of marijuana to

individuals under the age of 21 only with physician or parental permission. Subsection 6 requires that all prisoners that have been convicted in Missouri of a nonviolent cannabis related crime shall be immediately released and all related charges shall be expunged from their records. Subsection 7 creates an excise tax of five percent on all retail sales of marijuana, in addition to any established state or local sales taxes. The revenue shall be deposited to the credit of general revenue with the provision that 2.5 percent be distributed to elementary and secondary public education schools and 2.5 percent be distributed to the Missouri Veterans' Administration. (Note: There is no Missouri Veterans' Administration. For the purposes of this analysis, B&P assumes it will refer to the Missouri Veterans' Commission.) Subsection 5, however, allows all medical marijuana users, with recommendation by a physician, to purchase cannabis without taxation. Subsection 10 provides that the provisions in the amendment take effect no later than January 31st, following the election that placed the initiative before the people of Missouri.

B&P estimates that subsection 7 of this initiative petition could increase TSR by as much as $17.2M and GR by as much as $16.5M once fully implemented in FY 2021. The Substance Abuse and Mental Health Services Administration (SAMHSA) reports that 9.95% of Missouri population age 18 and older use marijuana. For the purposes of this analysis, B&P assumes the same percentage for marijuana users over the age of 21. The U.S. Census (2010) reports the population of Missouri residents over the age of 21 as 4,300,988 people. Multiplying the percentage of Missouri residents who use marijuana by the population of Missouri residents over the age of 21 gives an estimate of the number of Missouri residents who use marijuana:

	4,300,988	(MO residents over the age of 21)
X	9.95%	(% of MO residents who use marijuana)
	427,948	(MO residents who use marijuana)

However, B&P estimates that of those who use marijuana, roughly 65,000 would be medical users. SAMHSA reports that the total number of U.S. population age 18 and older use marijuana is 27,169,000 people. B&P assumes dividing the number of MO residents who use marijuana by the U.S. population that uses marijuana will provide an estimate of the percentage of the U.S. market that is attributable to Missouri.

	427,948	(MO residents who use marijuana)
÷	27,169,000	(Number of U.S. marijuana users)
	1.58%	(% U.S. market that is attributable to MO)

Using the estimate above for medical users, of that 1.58 percent approximately 0.24% could be considered medical. Therefore, B&P estimates that the size of the U.S. market that is attributable to Missouri, less medical marijuana users, is 1.33 percent. Using an

established estimate[1] for the U.S. market of $14.0B and multiplying by the percentage of the U.S. market that is attributable to Missouri, B&P estimates that Missouri's marijuana market, less medical marijuana use, could be worth $186.7M. Assuming Missouri's marijuana market is worth $186.7M, an excise tax of five percent could increase TSR and GR by as much as $9.3M once fully implemented. Table 1 shows a breakdown of revenue increases by tax type.

[1] http://scholar.harvard.edu/files/miron/files/budget_2010_final_0.pdf

Table 1: Revenue Generated by Marijuana Taxes		
Tax	**FY 2020 (5 months)**	**Fully Implemented (FY 2021)**
Sales Tax		
General Revenue	3,002,000	7,206,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
Marijuana Excise Tax		
General Revenue	3,890,000	9,337,000
Total		
General Revenue	6,893,000	16,543,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
TSR	7,178,000	17,228,000

Officials from the **Office of State Courts Administrator** indicated the proposed initiative petition would create a new section of the Missouri Constitution to be known as Article IV, section 54. This section would allow citizens over the age of twenty-one years to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to

2015 for Associate case types is 10,982. We are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund
Sheriffs' Fee	$75.00	County

Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County
Sheriffs' Retirement Fund surcharge (except	$3.00	Sheriffs' Retirement fund

21st Circuit)		
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri
Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts. They also assume there will be an unknown decrease in

caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case).

(The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes we contract all conflicts to private attorneys, which we are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated sales taxes could be collected. No amount can be reasonably estimated.

Officials from **University of Missouri** indicated the University of Missouri Health Care (MUHC) has reviewed the proposed initiative petition and determined that the fiscal impact should not exceed $100,000.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners** and **The Metropolitan Police Department - City of St. Louis**.

Fiscal Note Summary

This proposal is estimated to increase annual state tax revenues by $17 million when fully implemented with additional estimated annual state savings of $11 million. State implementation costs are estimated at $150,000 with annual operating costs estimated at $700,000. Local law enforcement costs could increase.

RECEIVED
DEC 09 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 9, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Timothy Gilio regarding a proposed constitutional amendment to Article IV, version 1 (2018-090)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Timothy Gilio on December 9, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of Imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and_____County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or city of St. Louis); my registered voting address and the name of the city, town or Village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
DEC 09 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF_____

I,_____being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong Dist	NAME (Print or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence: I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and_____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do_____ do not_____ (check one) expect to be paid for circulating this petition. If paid, list the payer_____

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant

Subscribed and sworn to before me, this_____day of_____, A.D. _____

_____
Signature of Notary

Notary Public (Seal)

_____
Address of Notary

My commission expires_____

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1,577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1.Cannabis aka marijuana and cannabis hemp shall immediately be removed from Missouri's list of controlled substances and shall no longer be listed among Missouri's drugs schedules.

2. Definitions of terms used in this Act: cannabis and cannabis hemp refer to cannabis marijuana, cannabis sativa, cannabis indica, cannabis ruderalis or any variety of cannabis including any derivative, concentrate, extract, flower leaf particle preparation resin root salt seed stalk stem or any product thereof.
a. Medical cannabis refers to Physician or Veterinarian written recommended use of cannabis or any form of cannabis derivative, concentrate, extract, flower, stem, stalk, root, leaf, or any Cannabis product thereof.
b. Personal aka recreational use refers to any cannabis products use not recommended by Physician's or Veterinarian's
c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging or storing of cannabis or hemp or for ingesting, inhaling, vaporizing smoking or otherwise introducing cannabis into or onto the human body with any vehicle or what could be construed as a dangerous device.
d. Establishment refers to cannabis cultivating facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares manufactures packages transports or sells cannabis or hemp products or accessories.

3. Minors refers to anyone under the age of 21
a. Cannabis or its products shall not be sold to anyone under the age of 21.
b. Anyone under the age of 21 shall have legal access to cannabis through a physician's written recommendation, parental supervision or a legal guardian for medical conditions or diseases that cannabis might help with.
c. No minor shall be prosecuted for possession of cannabis or its products & shall not be prohibited from taking cannabis as medicine in any school within the boundaries of Missouri.

4. The following acts are not unlawful and shall not be an offense under these revised Missouri law's
a. Possession or cultivation of cannabis for personal or medical use in an area sufficient to produce the quantity necessary to address one's personal or medical needs
b. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display, or possessing of any non-toxic food or food product.
c. Providing cannabis, aka marijuana and or any part of the cannabis plant thereof to be sold to the public must be tested by an accredited testing facility and all packaging labeled accordingly to reflect said testing.
d. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs through e of this section

5. Patients' rights: cannabis shall be available to all patients regardless of age, race or gender without taxation when recommended by a physician as a medicine.
a. All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means.

6. All prisoners that have been found guilty in a Missouri Court off a nonviolent cannabis related crime shall immediately be released and all charges for non-violent cannabis crimes shall be expunged from their records.
a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related nonviolent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7. No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution.
a. Any person who impedes the lawful exercise of these provisions is guilty of a class A misdemeanor and is subject to all penalties or fines thereof.
b. An additional 5% tax will be added to all personal / recreational sales of Cannabis not to include any Hemp or Hemp by products sold within the boundaries of Missouri in addition to any established state, county or city sales tax already set in place to be collected by the State of Missouri Sales Taxation Division. The 5% additional sales tax monies collected will be collected by the State of Missouri Sales Taxation Division, divided and distributed as directed in this paragraph on a quarterly basis as follows, 2.5% will go to Missouri Public Schools that teach Preschool or K through 12 grade or any combination of aforementioned . The remaining 2.5% will be directed to the Missouri Veteran Administration to help with housing, clothing, food and medical needs for our multitude of Missouri veterans.

8. Cannabis farmers, manufacturer's processors and distributors shall not be subject to any special zoning requirements, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor of agricultural products.

9. Pursuant to the ninth and tenth amendments to the constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.
a. The state of Missouri will honor all legally obtained patients medical cards regardless of the state where issued and Missouri shall become reciprocity with all legal states where Cannabis is considered legalized by law for medical or recreational use.
b. Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians or Veterinarian's; No physician or Veterinarian shall be subject to any professional license review or hearing as a result of recommending or approving medical cannabis therapy.
c. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis, hemp or any derivatives or parts thereof.

10. All provisions of this section are self-executing and serviceable. Except where otherwise indicated in the text of this document this constitutional amendment shall supersede any and all conflicting city, county, state or federal statutory, local charter, ordinance or resolution and shall be implemented no later than January 31st, following the election that placed this initiative before the people of Missouri.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-090)

Subject

Initiative petition from Timothy Gilio regarding a proposed constitutional amendment to Article IV. (Received December 9, 2016)

Date

December 30, 2016

Description

This proposal would amend Article IV of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Kansas City Board of Police Commissioners** and **The Metropolitan Police Department - City of St. Louis.**

Assumptions

Officials from the **Attorney General's office** indicated among other provisions, this proposal would require them to develop and make public an order, within 60 days, for the immediate destruction of "all cannabis related nonviolent civil and criminal records in Missouri…" and states that the "people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act."

They assume that some amount of increased litigation would result. They assume they could absorb increased costs with existing resources, but would request additional appropriation if substantial litigation resulted.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there would be no impact to their department as a result of this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated they expect no changes in revenue and increased costs of $0 for fiscal year 2018, $99,045 for fiscal year 2019, and $169,098 for fiscal year 2020.

Section 192.945, RSMo, allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for both medical and recreational purposes. Therefore, persons with intractable epilepsy would not need to apply for a hemp extract registration card in order to legally use the CBD oil.

Rental space for two staff located in Jefferson City would be required: 2 staff x 230 sq.ft./FTE x $21.00 = $9,660.

The proposed language would legalize the use of marijuana for medical and recreational purposes. There could be an unknown impact on small businesses that serve as cultivators, manufacturers, dispensary facilities, and/or testing centers.

This proposal does not require their department to issue any licenses or conduct inspections to ensure the safety of marijuana infused food products. However, sections 196.010 through 196.298, RSMo, gives their department responsibility for the regulation of food to include such duties as ensuring food safety, sanitation, proper labeling, etc. Therefore, they would have responsibility to ensure facilities that manufacture foods containing marijuana and marijuana products are regulated the same as other food manufacturers.

Due to the broad parameters of this proposal, it is difficult to determine how many food manufacturing facilities would be established. States which have legalized retail marijuana have seen a significant demand for edible marijuana products. For the purposes of this fiscal note, they estimate that at least 300 food manufacturing facilities would be established as a result of this proposal. In order to properly inspect these manufacturing facilities, DCPH would require a minimum of two Environmental Public Health Specialist IV staff (A27, $44,352, Step G). This law shall be implemented no later than January 31 following the November 2018 election. Therefore, DCPH assumes that the two Environmental Public Health Specialist IV positions would begin January 1, 2019.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact (cost avoidance) of $7,178,073 in fiscal year 2019 (7 Months), $7,511,746 in fiscal year 2020, $10,741,186 in fiscal year 2022 and thereafter.

Legalizing the possession and use of marijuana would remove from the criminal statutes all controlled substance offenses for marijuana, including possession, distribution and trafficking. If the legislation that removed marijuana from the list of controlled substances was retrospective then there would be two reductions in the cost of incarceration: the release of offenders serving a marijuana offense and fewer admissions to prison. The legalization of marijuana will largely impact offenders who are only serving a marijuana offense. Offenders serving multiple concurrent sentences will continue to be required to serve the other sentences after legalization and no estimate is made for offenders serving multiple sentences.

The reduction in the offender population is the total of reductions from the expungement of sentences and fewer admissions and probations. The cost avoidance is based upon a direct prison cost per year in FY16 of $6,085 and an average cost of $2,234 per year for offenders on field supervision. In the first year after the enactment of the legislation that legalizes marijuana there is an estimated reduction of 633 offenders in prison and 3,676 offenders on field supervision. In the next year (FY20) there will be no discharges from expungement but the reduction in the prison population will increase to 214. The field reduction will continue into FY21 because the marijuana offenders are estimated to serve 2.5 years on supervision.

The estimate is qualified by the use of an expansion factor that assumes that the drug distribution in the sentences where the drug is not known will be similar to that where the drug is known.

The estimated cost avoidance in the first year is $7,178,073 and will be $10,741,186 after the 4th year.

If marijuana usage becomes legal it could impact the safety and security of our prisons as it is not believed that there is a means for testing whether an employee is under the influence of marijuana. Impaired prison employees or visitors can impact the safe and secure operation of our prisons.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated total fund costs for General Revenue will be $150,012 for fiscal year 2018, $30,752 for fiscal year 2019, and $31,521 for fiscal year 2020.

This petition opens up the possibility of additional business opportunities in cannabis farming, manufacturing, and distribution of products.

Fiscal Note	IP 18-090		ITSD - DOR		
Bill Number	IP 18-090				
Will a new system be required?		X Yes			No
Indicate fiscal year when fully implemented			FY 2018		
ESTIMATED NET EFFECT ON STATE FUNDS					
Fund Affected			**FY 2018**	**FY 2019**	**FY 2020**
General Revenue			150,012	30,752	31,521
Other			-	-	-
Federal Funds			-	-	-
Total			150,012	30,752	31,521
It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.					
Bill Section(s)	amends article IV				
			FY 2018	FY 2019	FY 2020
New Tax System	Rate	Hours	$	$	$
IT Consultants	75	2,000.16	150,012	30,752	31,521
Section Total Expenditures:			150,012	30,752	31,521
Section Funding:	General Revenue		150,012	30,752	31,521
	Federal		-	-	-
	Other		-	-	-
	Total		150,012	30,752	31,521

This would create an unknown positive impact on Total State Revenue.

This petition increases state revenues by an unknown amount.

The provisions of section 7b add an additional five percent tax to all personal/recreational sales of cannabis not including hemp or hemp by-products sold in Missouri. This tax is in addition to any state, county, or city sales taxes already in place. This section also requires the division and distribution of these collections on a quarterly basis to Missouri public schools and the Missouri Veterans' Administration.

This Article states that the tax is to be collected by the State of Missouri Sales Tax Division. There is no State of Missouri Sales Tax Division and their department assumes

that the taxpayer will remit the tax to the Department of Revenue. Because there are no enforcement provisions, it may be difficult for their department to enforce the collection of the additional tax under current sales tax statutes. Their department will not be able to make refunds to taxpayers as the article is currently drafted.

Administrative Impact:

Business Tax Processing:
Although the legislation bases the additional five percent tax on retail sales, it is in addition to and separate from state, county, or city sales tax, and must therefore be reported and deposited separately.

If this money needs to remain in a non-state account, either it would need to stay in the sales suspense holding account until distribution or new bank accounts would need to be established for each.

ITSD - DOR				TOTAL HOURS:	2,000		
Bill Number	IP 18-090	FN #	IP 18-090				
Bill Section(s)	amends article IV						
Application Name:	New Tax System				**FY 2018**	**FY 2019**	**FY 2020**
IT Consultants		**On-going Yes/No**	**Rate**	**Hours**	**$**	**$**	**$**
Requirements Gathering			75	192	14,400	-	-
Analysis			75	96	7,200	-	-
Design			75	96	7,200	-	-
Development			75	1,236	92,700	-	-
Test			75	192	14,400	-	-
Implementation			75	40	3,000	-	-
Project Management			75	148.16	11,112	-	-
On-going support		Yes	75		-	30,752	31,521
Section Total IT Consultants:			75	2,000.16	150,012	30,752	31,521
Section Total Expenditures:					150,012	30,752	31,521
General Revenue					150,012	30,752	31,521
Federal					-	-	-
Other							
Section Funding:					150,012	30,752	31,521

Officials from the **Department of Public Safety** indicate they see no fiscal impact due to this legislation.

Officials from the **Missouri State Highway Patrol** indicated they expect increased operating costs of $426,236 for the first year implemented, $487,384 for the second year implemented, and $492,597 for the third year implemented.

The provisions of this petition would require their agency to rent office space for 4 FTE's to process the expungement requests.

The proposed legislation would order the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri.

Two different divisions within their agency will be impacted by this legislation. Here is a breakdown for each division:

The Criminal Justice Information Services Division (CJIS) states that there are currently 95,550 arrest charges in the Central Repository. The current expungement process, pursuant to Chapter 610, takes approximately 90 minutes to process. One FTE can handle 1,243 expungements per year. Conservatively, at least five FTE's would be required to initially handle the expungments created by this legislation. A significant processing backlog would occur if sufficient FTE's are not assigned to accommodate the number of expungements ordered.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 90 minutes. Therefore, one FTE can handle 1,243 expungements per year = 111,840 / 90.

These FTE's (CJIS Technicians, Range 16) would be necessary to process all expungement requests, review criminal history records, contact any agency associated with the arrests or convictions, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE at $55,495 and the ability of that employee to process 1,243 expungements per year, the cost alone per expungement is $55,495 \ 1,243 = $44.64. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories, as well as contacting of the various agencies associated with the arrests. In researching other states with similar expungement requirements, they all charge a fee to offset the cost of the time required to process the expungements. Their fees ranged from $50 to $450 per petition per arrest date.

These FTE will most likely be 2nd and 3rd shift employees so they would not require any equipment. However, there would be recurring costs of $650 per year per FTE for office supplies and phone charges. If any FTE were placed on the 1st shift, standard equipment would be required at a one-time cost of $6,094 per FTE.

5 CJIS Technicians ($1,232.50 x 24)	$147,900
Office Equipment/HW/SW	$6,094
RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

Patrol Records Division

Currently, there are 86,600 records in the Patrol's Traffic Arrest System (TAS) pertaining to arrests completed by our agency that could possibly meet the requirements of this proposed constitutional amendment. These are arrest and arrest/disposition records pertaining to individuals the age of 21 years and older with an NCIC modifier of 60-64 that relate to marijuana offenses. Given this, if only ten percent of the individuals who qualify to have his or her record expunged sought to do so, the Patrol Records Division (PRD) would require 4 FTE's. However, if a large number of these expungements were to be granted with even four FTE's, the backlog would compound greatly to the point it may take several years to catch up. If 100 percent of the individuals who qualify to have their record expunged sought to do so, the Patrol Records Division would require 35 FTE's to complete this task in approximately one year.

The addition of 35 FTE's would require additional supervisory personnel. However, due to the vague and uncertain nature of this proposed amendment, the Patrol Records Division has no true way to determine the actual effect or costs.

1 FTE = 1,864 hours (average work hours per year) x 60 minutes per hour = 111,840 minutes per year.

The current average time per petition to log, process, research, review, create related correspondences, and to expunge the information when the order is received is 45 minutes. Therefore, one FTE can handle 2,485 expungements per year = 111,840 / 45.

With the current estimate of 86,600 records that potentially meet the requirements of this proposed amendment and would potentially be eligible for expungement, the following percentages of persons actually requesting an expungement will directly relate to the number of PRD FTE's required:

10% = 86,600 x .10 = 8,660 / 2,485 = 4 FTE's
50% = 86,600 x .50 = 43,300 / 2,485 = 17 FTE's
100% = 86,600 / 2,485 = 35 FTE's

These FTE's (Quality Control Clerks, Range 10) would be necessary to process all expungement requests, review records, contact agencies, and collect the necessary data for the court orders.

Based on the average yearly salary and benefit rate per FTE of $45,702 and the ability of that employee to process 2,485 expungements per year, the cost per expungement is $45,702 \ 2,485 = $18.39. It is suggested that a fee, similar to the criminal history background check fee, be implemented for the cost of researching and reviewing the criminal histories.

Processing ten percent of the possible expungements would require additional workspace. The physical requirements would increase with the number of FTE's required to meet the demand for expungements. There will be recurring costs of $650 per year per FTE for

office supplies and phone charges. Standard equipment and office furniture would be required at a one-time cost of $6,094 per FTE.

4 Quality Control Clerks ($1,015 x 24)	$97,440
Equipment/Office Furniture	$6,094

RECURRING COSTS	
Phone Charges per FTE	$350
Office Supplies per FTE	$300

The provisions of this petition would require our agency to rent office space for 4 FTE's to process the expungement requests. The Office of Administration states that 920 square feet of office space would be required. The following costs apply per square foot:

Office Space	$14/Sq Ft
Janitorial/Trash Costs	$1.50/Sq Ft
Utility Costs	$2/Sq Ft

The agency provided the following additional comments:

It is suggested to add this additional language to provide for the collection of a fee to offset the costs of the expungements:

43.530. 1. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than nine dollars per request for criminal history record information not based on a fingerprint search. In each year beginning on or after January 1, 2010, the superintendent may increase the fee paid by requesting entities by an amount not to exceed one dollar per year, however, under no circumstance shall the fee paid by requesting entities exceed fifteen dollars per request.

2. For each request requiring the payment of a fee received by the central repository, the requesting entity shall pay a fee of not more than twenty dollars per request for criminal history record information based on a fingerprint search, unless the request is required under the provisions of subdivision (6) of section 210.481, section 210.487, or section 571.101, in which case the fee shall be fourteen dollars.

3. A request made under subsections 1 and 2 of this section shall be limited to check and search on one individual. Each request shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. The highway patrol may establish procedures for receiving requests for criminal history record information for classification and search for fingerprints, from courts and other entities, and for the payment of such requests. There is hereby established by the treasurer of the state of Missouri a fund to be entitled as the "Criminal Record System Fund". Notwithstanding the provisions of section 33.080 to the contrary, if the moneys collected and deposited into this fund are not totally expended annually for the purposes set forth in

sections 43.500 to 43.543, the unexpended moneys in such fund shall remain in the fund and the balance shall be kept in the fund to accumulate from year to year.

4. For all petitions for expungement under the provisions of Chapter 610, Section 577.054, or any other created expungement requirement under statute, excluding Section 610.122, the applicant shall pay a fee of seventy-five dollars per arrest date listed on the petition. Each petition shall be accompanied by a check, warrant, voucher, money order, or electronic payment payable to the state of Missouri-criminal record system or payment shall be made in a manner approved by the highway patrol. For expungements that require removal from the Traffic Arrest System twenty dollars of the seventy-five dollar fee will be deposited in the Highway Patrol Traffic Records Fund.

There are numerous uncertainties associated with this proposed constitutional amendment. The definition of a "non-violent cannabis-only offense" needs to be added. It is unclear if individuals with the aforementioned conviction records are required to abide by the expungement process mandated by various other state statutes. Does the individual just complete and file a document with a circuit clerk and the record is expunged or does the "court," whomever that is, order the immediate expungement of all civil and criminal records pertaining to non-violent cannabis only offenses?

Our agency requests clarification of number 7 which states that no Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to assist or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution. Does this mean that the Highway Patrol could no longer participate in federal operations when requested?

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** (OA) indicated:

Section 54 of Article IV would allow the medical and recreational use of marijuana and hemp, as well as the cultivation, production, transportation and retail sale of marijuana and hemp and their related products. Subsection 3 allows the sale of marijuana to

individuals under the age of 21 only with physician or parental permission. Subsection 6 requires that all prisoners that have been convicted in Missouri of a nonviolent cannabis related crime shall be immediately released and all related charges shall be expunged from their records. Subsection 7 creates an excise tax of five percent on all retail sales of marijuana, in addition to any established state or local sales taxes. The revenue shall be deposited to the credit of general revenue with the provision that 2.5 percent be distributed to elementary and secondary public education schools and 2.5 percent be distributed to the Missouri Veterans' Administration. (Note: There is no Missouri Veterans' Administration. For the purposes of this analysis, B&P assumes it will refer to the Missouri Veterans' Commission.) Subsection 5, however, allows all medical marijuana users, with recommendation by a physician, to purchase cannabis without taxation. Subsection 10 provides that the provisions in the amendment take effect no later than January 31st, following the election that placed the initiative before the people of Missouri.

B&P estimates that subsection 7 of this initiative petition could increase TSR by as much as $17.2M and GR by as much as $16.5M once fully implemented in FY 2021. The Substance Abuse and Mental Health Services Administration (SAMHSA) reports that 9.95% of Missouri population age 18 and older use marijuana. For the purposes of this analysis, B&P assumes the same percentage for marijuana users over the age of 21. The U.S. Census (2010) reports the population of Missouri residents over the age of 21 as 4,300,988 people. Multiplying the percentage of Missouri residents who use marijuana by the population of Missouri residents over the age of 21 gives an estimate of the number of Missouri residents who use marijuana:

	4,300,988	(MO residents over the age of 21)
X	9.95%	(% of MO residents who use marijuana)
	427,948	(MO residents who use marijuana)

However, B&P estimates that of those who use marijuana, roughly 65,000 would be medical users. SAMHSA reports that the total number of U.S. population age 18 and older use marijuana is 27,169,000 people. B&P assumes dividing the number of MO residents who use marijuana by the U.S. population that uses marijuana will provide an estimate of the percentage of the U.S. market that is attributable to Missouri.

	427,948	(MO residents who use marijuana)
÷	27,169,000	(Number of U.S. marijuana users)
	1.58%	(% U.S. market that is attributable to MO)

Using the estimate above for medical users, of that 1.58 percent approximately 0.24% could be considered medical. Therefore, B&P estimates that the size of the U.S. market that is attributable to Missouri, less medical marijuana users, is 1.33 percent. Using an

established estimate[1] for the U.S. market of $14.0B and multiplying by the percentage of the U.S. market that is attributable to Missouri, B&P estimates that Missouri's marijuana market, less medical marijuana use, could be worth $186.7M. Assuming Missouri's marijuana market is worth $186.7M, an excise tax of five percent could increase TSR and GR by as much as $9.3M once fully implemented. Table 1 shows a breakdown of revenue increases by tax type.

[1] http://scholar.harvard.edu/files/miron/files/budget_2010_final_0.pdf

Table 1: Revenue Generated by Marijuana Taxes		
Tax	**FY 2020 (5 months)**	**Fully Implemented (FY 2021)**
Sales Tax		
General Revenue	3,002,000	7,206,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
Marijuana Excise Tax		
General Revenue	3,890,000	9,337,000
Total		
General Revenue	6,893,000	16,543,000
Education	233,000	559,000
Conservation	29,000	70,000
Parks, Soil, Water	23,000	56,000
Local	120,000	287,000
TSR	7,178,000	17,228,000

Officials from the **Office of State Courts Administrator** indicated:

The proposed initiative petition would create a new section of the Missouri Constitution to be known as Article IV, section 54. This section would allow citizens over the age of twenty-one years to have the right to engage in the production, sale, distribution and consumption of marijuana and the manufacture of goods from hemp, subject to reasonable regulations adopted by the state pursuant to this section.

The average of all marijuana related charge codes from 2011 to 2015 for Circuit case types is 14,122 per year. The average of all marijuana related charge codes from 2011 to 2015 for Associate case types is 10,982. They are unable to determine what number of these charges were for someone over the age of twenty-one.

The following Criminal Court Costs would be affected by this petition:

Criminal Court Costs		
Felony Case Costs	**Amount of Cost**	**Disburse to State/County**
Basic Civil Legal Services Fund surcharge	$10.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$45.00	State of Missouri - General Revenue $36, County $9
County Fee	$75.00	County
Court Automation Fund Fee	$7.00	State of Missouri -Statewide Court Automation Fund
Court Reporter fee (All Circuit Division Cases)	$15.00	State of Missouri - General Revenue
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$30.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Head Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards & Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	State of Missouri - Prosecuting Attorney Training Fund

Sheriffs' Fee	$75.00	County
Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement Fund
Spinal Cord Injury Fund surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$279.50**	
Misdemeanor Case Costs		
Basic Civil Legal Services Fund surcharge	$8.00	State of Missouri - Basic Civil Legal Services Fund
Clerk Fee	$15.00	$12 State of Missouri / $3 County
County Fee	$25.00	County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
DNA Profiling Analysis Fund surcharge	$15.00	State of Missouri - DNA Profiling Analysis Fund
Brain Injury Fund surcharge	$2.00	State of Missouri - Brain Injury Fund
Independent Living Center Fund surcharge	$1.00	State of Missouri - Independent Living Center Fund
Motorcycle Safety Trust Fund surcharge	$1.00	State of Missouri - Motorcycle Safety Trust Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Prosecuting Attorney and Circuit Attorneys' Retirement Fund	$4.00	Pros. Attorney Retirement Fund
Prosecuting Attorney Training Fund surcharge	$1.00	$0.50 State of Missouri / $0.50 County
Sheriffs' fee	$10.00	County

Sheriffs' Retirement Fund surcharge (except 21st Circuit)	$3.00	Sheriffs' Retirement fund
Spinal Cord Injury Fund Surcharge	$2.00	State of Missouri - Spinal Cord Injury Fund
Total	**$102.50**	
Municipal Case (Filed in Associate Division) Costs		
Clerk Fee	$15.00	$12 State of Missouri / $3 County
Court Automation Fund Fee	$7.00	State of Missouri - Court Automation Fund
Crime Victims' Compensation Fund surcharge	$7.50	State of Missouri - Crime Victims' Compensation Fund
Peace Officer Standards and Training (POST) Commission surcharge	$1.00	State of Missouri - Peace Officer Standards & Training Fund
Sheriffs' Retirement Fund surcharge	$3.00	Sheriffs' Retirement Fund
Total	**$33.50**	
Criminal Costs Not Included Above		
Drug Testing by a State Lab	$150.00	State of Missouri
Drug Testing by a Private Lab	Actual Costs	County Reimbursement
Law Enforcement Arrest Costs:		
Highway Patrol		Amt. Approved by the Court
Local (County)		Amt. Approved by the Court
Municipal		Amt. Approved by the Court

The decrease in the court fees, depending on the number of cases, will result in an unknown loss to the courts. They also assume there will be an unknown decrease in caseload for the courts because the courts will no longer process these cases; however, at this time they are unable to calculate the decrease.

Any significant increase or decrease will be reflected in future budget requests.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated if passed, this constitutional amendment would have a positive impact on the workload of the Missouri State Public Defender, since possession, manufacture, distribution, etc. of cannabis would no longer be unlawful, offenses that the Public Defender currently uses resources to defend and no longer would need to.

The exact positive impact is difficult to predict because they track cases by statutory offense and most drug offenses are not limited to marijuana.

However, their best estimate, using FY2014 MSPD data, is that this would reduce their caseload by 3,523 cases (685 A/B felonies, 1,797 C/D felonies, 1,041 misdemeanors, and 1,140 probation violations).

In *The Missouri Project: A Study of the Missouri Public Defender System and Attorney Workload Standards*, prepared by RubinBrown on behalf of the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants, the relevant

workload standards are: A/B felonies, 47.6 hours per case; C/D felonies, 25.0 hours per case; misdemeanors, 11.7 hours per case; and probation violations, 9.8 hours per case). (The workload standards include only case related tasks over which an attorney has some control (they exclude, for example, in court and travel time) and thereby reflect a conservative estimate.)

Applying those workload standards to the 2,858 cases, those cases require 100,882.7 attorney hours. With 2,080 hours per attorney available each year, that represents the work of 48.5 attorneys.

While in theory they might also handle fewer appeals of guilty verdicts after trial, the fact is that only a very small percentage of their cases proceed to trial and it's likely that only a small percentage of those cases are appeals from marijuana convictions. Therefore this minimal positive impact is not being taken into account in this estimate.

However, the Missouri State Public Defender already is significantly understaffed by 333 attorneys under the workload standards developed in *The Missouri Project*. (The 333 attorneys is a conservative estimate of the under-staffing in that it assumes we contract all conflicts to private attorneys, which we are not able to do for budgetary reasons).

Therefore, despite the positive impact on the workload of the Missouri State Public Defender, because they are already understaffed that savings in attorney time would not allow the Public Defender to reduce its workforce and therefore would not translate into an actual cost savings. However it does reduce by the cost of 48.5 attorneys how much money needs to be added to their budget in order to meet *The Missouri Project*'s workload standards.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there is anticipated costs for this initiative petition. Unfortunately there is not enough time given in the response to provide an actual estimated costs.

County Prosecutor, Dan Patterson provided the following information:

DenverDA
Mitchell R. Morrissey, District Attorney - Second Judicial District
201 W. Colfax Avenue, Dept. 801, Denver, CO 80202
Bus. Phone: 720-913-900
Fax: 720-913-903

October 12, 2016

No on 64 Campaign and SAM Action

California voters are being told that they will see the crime rate go down if they vote to legalize marijuana commercially; this has not been the case in the state of Colorado or the city of Denver. Since the legalization of recreational marijuana in Colorado in 2013 traffic related marijuana deaths have increased 48%, marijuana related emergency room visits have increased 49%, and marijuana related calls to the poison center have increased 100%. According to the Colorado Bureau of Investigations in 2015 statewide homicides in Colorado rose 14.7 % over the previous year. Pueblo, Colorado had the highest homicide rate in the state with 11.1 killings per 100,000 residents. Aurora, Colorado's homicide rate more than doubled from 2014. Additionally more places in Colorado were robbed and more thefts occurred, especially cars, as 193,115 motor vehicles were reported stolen, up 27.7 % in 2015 from the previous year. In 2015, sexual assaults rose 10% in Colorado with Denver, Aurora, Lakewood, Westminster and Pueblo all reporting higher numbers as well.

In the city of Denver since the legalization of recreational marijuana the number of crimes in Denver has grown by about 44 %, according to annual figures the city reported to the National Incident Based Reporting System. In 2015 in Denver alone crime rose in every neighborhood in the city. The murder rate hit a decade high, 1059 more cars were broken into, there were 903 more auto thefts, 321 more aggravated assaults and 231 more homes were broken into compared to 2014.

California voters are also being told that legalizing recreational marijuana will free up law enforcement to work on other criminal activities. Again that has not been the case in Denver. Besides the overall increases in crime we have experience, the Denver police department is dealing with a 900% increase in the unlawful cultivation and manufacture of marihuana concentrate, and a 99% increase in the unlawful distribution of marijuana and marijuana concentrate. The quantity of illegal marijuana seized by the Denver police has increased 3,424% on average per case. The volume of marijuana seized per case has increased from an average of 162 pounds to 5724 pounds. In Denver unlawful public consumption of marijuana citations has increased over 300% per year since the legalization of recreational marijuana. The Denver police department is busier enforcing marijuana laws and investigating crimes directly related to marijuana, including murderers, robberies, and home invasions, than any other time in the history of the city.

Sincerely,

Mitchell R. Morrissey
Denver District Attorney

Officials from the **City of Kansas City** indicated sales taxes could be collected. No amount can be reasonably estimated.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated they have reviewed the proposed initiative petition and determined that the fiscal impact should not exceed $100,000.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, Kansas City Board of Police Commissioners** and **The Metropolitan Police Department - City of St. Louis**.

Fiscal Note Summary

This proposal is estimated to increase annual state tax revenues by $17 million when fully implemented with additional estimated annual state savings of $11 million. State implementation costs are estimated at $150,000 with annual operating costs estimated at $700,000. Local law enforcement costs could increase.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

RECEIVED
DEC 09 2016
STATE AUDITORS OFFICE

ELECTIONS DIVISION
(573) 751-2301

December 9, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Marc Ellinger regarding a proposed statutory amendment to Chapters 84 and 105 (2018-089)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Marc Ellinger on December 8, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title)

RECEIVED
DEC 08 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
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10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ _____ _____
Signature of Affiant (Printed Name of Affiant) Address of Affiant
(Person obtaining signatures)

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ _____
Signature of Notary Address of Notary

Notary Public (Seal) My commission expires _____

Be it enacted by the people of the State of Missouri as follows:

Sections 84.460 and 84.860 are repealed, Section 105.726 is amended, and seven new sections are enacted, to be known as Sections 84.891, 84.892, 84.893, 84.894, 84.895, 84.896, and 84.897, to read as follows:

84.891. No elected or appointed official of the state or any political subdivision thereof shall act or refrain from acting in any manner to impede, obstruct, hinder, or otherwise interfere with any member of a municipal police force established under sections 84.893 to 84.896 in the performance of his or her job duties, or with any aspect of any investigation arising from the performance of such job duties. This section shall not be construed to prevent such officials from acting within the normal course and scope of their employment or from acting to implement sections 84.893 to 84.896. Any person who violates this section shall be liable for a penalty of two thousand five hundred dollars for each offense and shall forever be disqualified from holding any office or employment whatsoever with the governmental entity the person served at the time of the violation. The penalty shall not be paid by the funds of any committee as the term "committee" is defined in section 130.011. This section shall not be construed to interfere with the punishment, under any laws of this state, of a criminal offense committed by such officials, nor shall this section apply to duly appointed members of the municipal police force, or their appointing authorities, whose conduct is otherwise provided for by law.

84.892. 1. It shall be an unlawful employment practice for an official, employee, or agent of a municipal police force established under sections 84.893 to 84.896 to discharge, demote, reduce the pay of, or otherwise retaliate against an employee of the municipal police force for reporting to any superior, government agency, or the press the conduct of another employee that the reporting employee believes, in good faith, is illegal.

2. Any employee of a municipal police force may bring a cause of action for general or special damages based on a violation of this section.

84.893. 1. Subject to the provisions of sections 84.894 to 84.896, any city with a population of 400,000 or more may establish a municipal police force for the purposes of:

(1) Preserving the public peace, welfare, and order;

(2) Preventing crime and arresting suspected offenders;

(3) Enforcing the laws of the state and ordinances of the city;

(4) Exercising all powers available to a police force under generally applicable state law; and

(5) Regulating and licensing all private watchmen, private detectives, and private policemen serving or acting as such in said city.

2. Any person who acts as a private watchman, private detective, or private policeman in said cities without having obtained a written license from said cities is guilty of a class A misdemeanor.

84.894. 1. Notwithstanding any provisions of this chapter to the contrary, any city with a population of 400,000 or more may establish a municipal police force on or after July 1, 2019, according to the procedures and requirements of this section. The purpose of these procedures and requirements is to provide for an orderly and appropriate transition in the governance of the police force and provide for an equitable employment transition for commissioned and civilian personnel.

2. Upon the establishment of a municipal police force by a city under sections 84.893 to 84.896, the board of police commissioners shall convey, assign, and otherwise transfer to the city title and ownership of all indebtedness and assets, including, but not limited to, all funds and real and personal property held in the name of or controlled by the board of police commissioners created under sections 84.350 to 84.860. The board of police commissioners shall execute all documents reasonably required to accomplish such transfer of ownership and obligations.

3. If the city establishes a municipal police force and completes the transfer described in subsection 2 of this section, the city shall provide the necessary funds for the maintenance of the municipal police force.

4. Before a city with a population of 400,000 or more may establish a municipal police force under this section, the city shall adopt an ordinance accepting responsibility, ownership, and liability as successor-in-interest for contractual obligations, indebtedness, and other lawful obligations of the board of police commissioners subject to the provisions of subsection 2 of section 84.895.

5. A city with a population of 400,000 or more that establishes a municipal police force shall initially employ, without a reduction in rank, salary, or benefits, all commissioned and civilian personnel of the board of police commissioners created under sections 84.350 to 84.860 that were employed by the board immediately prior to the date the municipal police force was established. Such commissioned personnel who previously were employed by the board may only be involuntarily terminated by the city with a population of 400,000 or more for cause. The city shall also recognize all accrued years of service that such commissioned and civilian personnel had with the board of police commissioners. Such personnel shall be entitled to the same holidays, vacation, and sick leave they were entitled to as employees of the board of police commissioners.

6. Commissioned and civilian personnel who were previously employed by the board shall continue to be subject, throughout their employment for the city with a population of 400,000 or more, to a residency rule no more restrictive than a requirement of retaining a primary residence in a city with a population of 400,000 or more for a total of seven years and of then allowing them to maintain a primary residence outside the city with a population of 400,000 or more so long as the residence is located within a one-hour response time.

7. The commissioned and civilian personnel who retire from service with the board of police commissioners before the establishment of a municipal police force under subsection 1 of this section shall continue to be entitled to the same pension benefits provided under chapter 86 and the same benefits set forth in subsection 5 of this section.

8. If the city with a population of 400,000 or more elects to establish a municipal police force under this section, the city shall establish a separate division for the operation of its municipal police force. The civil service commission of the city may adopt rules and regulations appropriate for the unique operation of a police department. Such rules and regulations shall reserve exclusive authority over the disciplinary process and procedures affecting commissioned officers to the civil service commission; however, until such time as the city adopts such rules and regulations, the commissioned personnel shall continue to be governed by the board of police commissioners' rules and regulations in effect immediately prior to the establishment of the municipal police force, with the police chief acting in

place of the board of police commissioners for purposes of applying the rules and regulations. Unless otherwise provided for, existing civil service commission rules and regulations governing the appeal of disciplinary decisions to the civil service commission shall apply to all commissioned and civilian personnel. The civil service commission's rules and regulations shall provide that records prepared for disciplinary purposes shall be confidential, closed records available solely to the civil service commission and those who possess authority to conduct investigations regarding disciplinary matters pursuant to the civil service commission's rules and regulations. A hearing officer shall be appointed by the civil service commission to hear any such appeals that involve discipline resulting in a suspension of greater than fifteen days, demotion, or termination, but the civil service commission shall make the final findings of fact, conclusions of law, and decision which shall be subject to any right of appeal under chapter 536.

9. A city with a population of 400,000 or more that establishes and maintains a municipal police force under this section:

(1) Shall provide or contract for life insurance coverage and for insurance benefits providing health, medical, and disability coverage for commissioned and civilian personnel of the municipal police force to the same extent as was provided by the board of police commissioners under sections 84.350 to 84.860;

(2) Shall provide or contract for medical and life insurance coverage for any commissioned or civilian personnel who retired from service with the board of police commissioners or who were employed by the board of police commissioners and retire from the municipal police force of a city with a population of 400,000 or more to the same extent such medical and life insurance coverage was provided by the board of police commissioners under sections 84.350 to 84.860;

(3) Shall make available medical and life insurance coverage for purchase to the spouses or dependents of commissioned and civilian personnel who retire from service with the board of police commissioners or the municipal police force and deceased commissioned and civilian personnel who receive pension benefits under chapter 86 at the rate that such dependent's or spouse's coverage would cost under the appropriate plan if the deceased were living; and

(4) May pay an additional shift differential compensation to commissioned and civilian personnel for evening and night tours of duty in an amount not to exceed ten percent of the officer's base hourly rate.

10. A city with a population of 400,000 or more that establishes a municipal police force under sections 84.893 to 84.896 shall establish a transition committee of five members for the purpose of: coordinating and implementing the transition of authority, operations, assets, and obligations from the board of police commissioners to the city; winding down the affairs of the board; making nonbinding recommendations for the transition of the police force from the board to the city; and other related duties, if any, established by executive order of the city's mayor. Once the ordinance referenced in section 84.894 is enacted, the city shall provide written notice to the board of police commissioners and the governor of the State of Missouri. Within thirty days of such notice, the mayor shall appoint three members to the committee, two of whom shall be members of a statewide law enforcement association that represents at least five thousand law enforcement officers. The remaining members of the committee shall include the police chief of the municipal police force and a person who currently or previously served as a commissioner on the board of police commissioners, who shall be appointed to the committee by the mayor of such city.

84.895. 1. Except as required for the board of police commissioners to conclude its affairs and pursue legal claims and defenses, upon the establishment of a municipal police force, the terms of office of the commissioners of the board of police created under sections 84.350 through 84.860 shall expire, and the provisions of sections 84.350 to 84.860 shall not apply to any city with a population of 400,000 or more or its municipal police force as of such date. The board shall continue to operate, if necessary, to wind down the board's affairs until the transfer of ownership and obligations under subsection 2 of section 84.894 has been completed. During such time, the board of police commissioners shall designate and authorize its secretary to act on behalf of the board for purposes of performing the board's duties and any other actions incident to the transfer and winding down of the board's affairs.

2. For any claim, lawsuit, or other action arising out of actions occurring before the date of completion of the transfer provided under subsection 2 of section 84.894, the state shall continue to provide legal representation as set forth in section 105.726, and the state legal expense fund shall continue to provide reimbursement for such claims under section 105.726. This subsection applies to all claims, lawsuits, and other actions brought against any commissioner, police officer, employee, agent, representative, or any individual or entity acting or purporting to act on its or their behalf.

3. Notwithstanding any other provision of law, rule, or regulation to the contrary, any city with a population of 400,000 or more that establishes a municipal police force under sections 84.893 to 84.896 shall not be restricted or limited in any way in the selection of a police chief or chief of the division created under subsection 8 of section 84.894.

84.896. Any police pension system created under chapter 86 for the benefit of a police force established under sections 84.350 to 84.860 shall continue to be governed by chapter 86, and shall apply to any police force established under section 84.893 to 84.896. Other than any provision that makes chapter 86 applicable to a municipal police force established under section 84.893 to 84.896, nothing in sections 84.893 to 84.896 shall be construed as limiting or changing the rights or benefits provided under chapter 86.

84.897. Notwithstanding the provisions of section 1.140 to the contrary, the provisions of sections 84.893 to 84.896 shall be non-severable. If any provision of sections 84.893 to 84.896 is for any reason held to be invalid, such decision shall invalidate all of the remaining provisions of this act.

105.726. 1. Nothing in sections 105.711 to 105.726 shall be construed to broaden the liability of the state of Missouri beyond the provisions of sections 537.600 to 537.610, nor to abolish or waive any defense at law which might otherwise be available to any agency, officer, or employee of the state of Missouri. Sections 105.711 to 105.726 do not waive the sovereign immunity of the state of Missouri.

2. The creation of the state legal expense fund and the payment therefrom of such amounts as may be necessary for the benefit of any person covered thereby are deemed necessary and proper public purposes for which funds of this state may be expended.

3. Moneys in the state legal expense fund shall not be available for the payment of any claim or any amount required by any final judgment rendered by a court of competent jurisdiction against a board of police commissioners

established under chapter 84, including the commissioners, any police officer, notwithstanding sections 84.330 and 84.710, or other provisions of law, other employees, agents, representative, or any other individual or entity acting or purporting to act on its or their behalf. Such was the intent of the general assembly in the original enactment of sections 105.711 to 105.726, and it is made express by this section in light of the decision in Wayman Smith, III, et al. v. State of Missouri, 152 S.W.3d 275. Except that the commissioner of administration shall reimburse from the legal expense fund[the board of police commissioners established under section 84.350, and] any successor-in-interest established pursuant to section 84.344 or section 84.894, for liability claims otherwise eligible for payment under section 105.711 paid by such [board]successor-in-interest up to a maximum of one million dollars per fiscal year.

4. Subject to the provisions of subsection 2 of section 84.345 or subsection 2 of section 84.895, if the representation of the attorney general is requested by a board of police commissioners or its successor-in-interest established pursuant to section 84.344 or section 84.894, the attorney general shall represent, investigate, defend, negotiate, or compromise all claims under sections 105.711 to 105.726 for the board of police commissioners, its successor-in-interest pursuant to section 84.344 or section 84.894, any police officer, other employees, agents, representatives, or any other individual or entity acting or purporting to act on their behalf. The attorney general may establish procedures by rules promulgated under chapter 536 under which claims must be referred for the attorney general's representation. The attorney general and the officials of the city which the police board represents or represented shall meet and negotiate reasonable expenses or charges that will fairly compensate the attorney general and the office of administration for the cost of the representation of the claims under this section.

5. Claims tendered to the attorney general promptly after the claim was asserted as required by section 105.716 and prior to August 28, 2005, may be investigated, defended, negotiated, or compromised by the attorney general and full payments may be made from the state legal expense fund on behalf of the entities and individuals described in this section as a result of the holding in Wayman Smith, III, et al. v. State of Missouri, 152 S.W.3d 275.

[84.460. So soon as the board created herein shall hold their first meeting, it shall be their duty to inform the chief of police and the other officers of the police force of such city that they require their attendance upon them and obedience to their orders. For failure to attend as required, and for each and every failure to obey the lawful orders of said board, the officers so notified shall be fined in any sum not exceeding five hundred dollars, to be recovered by action at law instituted by said board, in the name of the state. From and after the first meeting aforesaid, the whole of the then existing police force in such city shall pass under the exclusive management and control of the said board, and be subject to no other control and entitled to receive neither orders nor pay, except arrearages then due, from any other authority, and shall so continue, subject, however, to removal or suspension, at the discretion of said board, and with the power in said board to fill vacancies, until said board shall publicly declare that the organization of the police force, created by sections 84.350 to 84.860 is complete. Upon such public declaration, and from the time thereof thenceforward, all ordinances of such city are hereby declared null and void, so far as they conflict with sections 84.350 to 84.860 or assume to confer upon the mayor, chief of police, common council, or any other person or persons, the power to appoint, dismiss, or in any way or to any extent, employ or control any police force organized or to be organized under such ordinances, or any of them, and from and after such public declaration as aforesaid, the police force organized, or which may be organized under such ordinances, or any of them, shall cease to exist, and its functions and powers be at an end.]

[84.860. Any officer or servant of the mayor or common council or municipal assembly of the said cities, or other persons whatsoever, who shall forcibly resist or obstruct the execution or enforcement of any of the provisions of sections 84.350 to 84.860 or relating to the same, or who shall disburse any money in violation thereof, or who shall hinder or obstruct the organization or maintenance of said board of police, or the police force provided in said sections to be organized and maintained, or who shall maintain or control any police force other than the one herein provided for, or who shall delay or hinder the due enforcement of said sections by failing or neglecting to perform the duties therein imposed upon him, shall be liable to a penalty of one thousand dollars for each and every offense, recoverable by the board by action at law in the name of the state, and shall forever thereafter be disqualified from holding or exercising any office or employment whatsoever under the mayor or common council or municipal assembly of said cities, or under said sections; provided, however, that nothing in this section shall be construed to interfere with the punishment, under any existing or any future laws of this state, or any criminal offense which shall be committed by the said parties in or about the resistance, obstruction, hindrance, conspiracy, combination or disbursement aforesaid.]

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 7, 2016

RECEIVED
DEC 07 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, Version 3 (2018-088)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 7, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of .November, .2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
DEC 07 2016
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

State Of Missouri, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

….....Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D
.....

.....
Signature of Notary

….....
Address of Notary .

Notary Public (Seal) ….....
My commission expires .....

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Cannabis Treatment Amendment

2. Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof. This Amendment shall apply to all rsmo mentioning marijuana.
b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis
c) "medical cannabis" refers to the medical use of cannabis.
d) "personal use" refers to the non-medical consumption of cannabis.
e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.
f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.
g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.

a) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.
b) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.

4. Medical cannabis, commonly known as marijuana, shall be available to patients who with a doctor's recommendation and Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section 1.a) shall be available with a doctor's recommendation. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture:

a) All Missouri patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.
b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.
c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.
d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.
e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.
f) Primary caregiver shall not be subjected to criminal or civil charges for providing cannabis to patients who been given a doctor's a medical professional.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.
b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.
c) Permit the transfer or sale of cannabis intended for medical treatment to a person engaged in personal use.

Dispensary

5. Medical dispensaries shall verify the following:

a) The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.
b) If, primary caregiver, the dispensary verifies the patient and the primary caregiver.
c) The patient's 9 digit random alphabet. Dispensaries my issue an random alphabet after verifying residency.

6. The Department of Health and Human Services shall issue 9 digit random alphabet out to patients and keep records of the alphabet on a state wide registry. The registry is to verify it's a Missouri patient and it shall not be subjected to Sunshine request under rsmo chapter 610. No law enforcement agency my access the list without a warrant. Law enforcement agencies my only view a printed list but not electronically. Dispensaries shall the Register with the the Department of Health and Human Services for:

a) licensing and regulations
b) paying fees of no more then $100.00
c) to assist with the 9 digit random alphabet registry.

7. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court.

8. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.

12. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

13. This shall become effective on December 6th 2018.

In the November general of 2020, voters shall vote to repeal the above section & replace it with the below section. A yes vote approve the repeal above section an replace with below section. If voters fail shall to vote yes, the above section remains and voters shall vote again every four years until voters vote yes.

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Cannabis Legalization Amendment

2.Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis
c) "medical cannabis" refers to the medical use of cannabis.
d) "personal use" refers to the non-medical consumption of cannabis.
e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.
f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.
g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3. Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section 1.a) are permitted for personal use for persons 21 of age or older and shall be available with a doctor's recommendation without an age limit.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture.

a) Adult Possession of cannabis for personal at 21 years or older.
b) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.
c) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.

4. Medical cannabis shall be available to patients who have a physician's recommendation.

a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.
b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.
c) Licensed physicians shall not be penalized for, nor restricted from recommending cannabis for medical purposes to any person.
d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.
e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.

Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.
b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.
c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.

6. Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for medical treatment

7. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.

8. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for nonviolent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.

(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.
(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related nonviolent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.
9. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.
10. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.
11. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.
12. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:
13. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 7, 2016

RECEIVED
DEC 07 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, Version 2 (2018-087)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 7, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of .November, .2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
DEC 07 2016
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

State Of Missouri, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

1						
2						
3						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

….....Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D
.....

.....
Signature of Notary

…..
Address of Notary .

Notary Public (Seal) ….....
My commission expires .....

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Johnson Amendment

2. Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof. This Amendment shall apply to all rsmo mentioning marijuana.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.

a) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

b) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.

4. Medical cannabis, commonly known as marijuana, shall be available to patients who with a doctor's recommendation and Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section 1.a) shall be available with a doctor's recommendation. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture:

a) All Missouri patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

f) Primary caregiver shall not be subjected to criminal or civil charges for providing cannabis to patients who been given a doctor's a medical professional.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for medical treatment to a person engaged in personal use.

Dispensary

5. Medical dispensaries shall verify the following:

a) The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.

b) If, primary caregiver, the dispensary verifies the patient and the primary caregiver.

c) The patient's 9 digit random alphabet. Dispensaries my issue an random alphabet after verifying residency.

6. The Department of Health and Human Services shall issue 9 digit random alphabet out to patients and keep records of the alphabet on a state wide registry. The registry is to verify it's a Missouri patient and it shall not be subjected to Sunshine request under rsmo chapter 610. No law enforcement agency my access the list without a warrant. Law enforcement agencies my only view a printed list but not electronically. Dispensaries shall the Register with the the Department of Health and Human Services for:

a) licensing and regulations

b) paying fees of no more then $100.00

c) to assist with the 9 digit random alphabet registry.

7. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court.

8. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.

12. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

13. This shall become effective on December 6th 2018.

In the November general of 2020, voters shall vote to repeal the above section & replace it with the below section. A yes vote approve the repeal above section an replace with below section. If voters fail shall to vote yes, the above section remains and voters shall vote again every four years until voters vote yes.

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Johnson Amendment II

2.Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis
c) "medical cannabis" refers to the medical use of cannabis.
d) "personal use" refers to the non-medical consumption of cannabis.
e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.
f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.
g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3. Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section 1.a) are permitted for personal use for persons 21 of age or older and shall be available with a doctor's recommendation without an age limit.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture.

a) Adult Possession of cannabis for personal at 21 years or older.
b) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.
c) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.

4. Medical cannabis shall be available to patients who have a physician's recommendation.

a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.
b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.
c) Licensed physicians shall not be penalized for, nor restricted from recommending cannabis for medical purposes to any person.
d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.
e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.

Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.
b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.
c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.

6. Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for medical treatment

7. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.

8. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for nonviolent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.

(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.
(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related nonviolent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.
9. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.
10. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.
11. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.
12. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:
13. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
DEC 07 2016
STATE AUDITORS OFFICE

December 7, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, Version 1 (2018-086)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 7, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County

Page No.

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
DEC 07 2016
MO. SECRETARY OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

	NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer

(Name of payer)

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____
Signature of Notary

_____
Address of Notary (Street, City, State & Zip Code)

Notary Public (Seal)

My commission expires _____

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Johnson Amendment

2. Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof. This Amendment shall apply to all rsmo mentioning marijuana.

b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.

a) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

b) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.

4. Medical cannabis, commonly known as marijuana, shall be available to patients who with a doctor's recommendation and Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section 1.a) shall be available with a doctor's recommendation. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture:

a) All Missouri patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.

d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

e) Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

f) Primary caregiver shall not be subjected to criminal or civil charges for providing cannabis to patients who been given a doctor's a medical professional.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for medical treatment to a person engaged in personal use.

Dispensary

5. Medical dispensaries shall verify the following:

a) The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.

b) If, primary caregiver, the dispensary verifies the patient and the primary caregiver.

c) The patient's 9 digit random alphabet. Dispensaries my issue an random alphabet after verifying residency.

6. The Department of Health and Human Services shall issue 9 digit random alphabet out to patients and keep records of the alphabet on a state wide registry. The registry is to verify it's a Missouri patient and it shall not be subjected to Sunshine request under rsmo chapter 610. No law enforcement agency my access the list without a warrant. Law enforcement agencies my only view a printed list but not electronically. Dispensaries shall the Register with the the Department of Health and Human Services for:

a) licensing and regulations

b) paying fees of no more then $100.00

c) to assist with the 9 digit random alphabet registry.

7. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court.

8. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or

agricultural farmer, manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.
12. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

13. This shall become effective on December 6th 2018.

In the November general of 2020, voters shall vote to repeal the above section & replace it with the below section. A yes vote approve the repeal above section an replace with below section. If voters fail shall to vote yes, the above section remains and voters shall vote again every four years until voters vote yes.

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1.The following shall be called the Johnson Amendment II

2.Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis
c) "medical cannabis" refers to the medical use of cannabis.
d) "personal use" refers to the non-medical consumption of cannabis.
e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.
f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.
g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3. Missouri Controlled Substance relating to marijuana schedule list shall change to reflect that cannabis as defined in Section 1.a) are permitted for personal use for persons 21 of age or older and shall be available with a doctor's recommendation without an age limit.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture.

a) Adult Possession of cannabis for personal at 21 years or older.
b) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.
c) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.

4. Medical cannabis shall be available to patients who have a physician's recommendation.

a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.
b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.
c) Licensed physicians shall not be penalized for, nor restricted from recommending cannabis for medical purposes to any person.
d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.
e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.

Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.
b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.

6. Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for medical treatment

7. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.

8. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for nonviolent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.

(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related nonviolent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.

9. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.

10. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

11. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

12. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:

13. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 7, 2016

RECEIVED
DEC 07 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article X (2018-085)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 7, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County

Page No.

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
DEC 07 2016
MO. SECRETARY OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers):

	NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer

(Name of payer)

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____
Signature of Notary

_____
Address of Notary (Street, City, State & Zip Code)

Notary Public (Seal)

My commission expires _____

This measure amends Article X section 26 of the Missouri Constitution by deleting all matters within the enclosed brackets and adding all the underlined matters as required pursuant to Section 116.050 RSMo.

Prohibition on new or local sales, use, or other similar transaction-based tax not [subject to such tax as of January 1, 2015]approved by voters. Mandate voter approval before funding or financing sport facilities.

A. Section 26. In order to prohibit an increase in the tax burden on the citizens of Missouri without voter approval, state and local sales and use taxes (or any similar transaction-based tax) shall not be expanded to impose taxes on any service or transaction that was [not subject to sales, use or similar transaction-based tax on January 1, 2015.] approved by voters.
B. Prohibit funding of sports and entertainment stadiums, centers recreation center or facilities without voter approval.
C. Prohibit expansion, extending, modifying, or amending current or future bonds, tax credits,

STATE AUDITOR'S OFFICE
RECEIVED
DEC 06 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 6, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 12 (2018-084)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on December 5, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
DEC 05 2016
MO. SECRETARY OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next three years, until it reaches $12.00 per hour, effective January 1, 2022. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2023, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-one percent, effective January 1, 2019;
(2) fifty-three, effective January 1, 2020;
(3) fifty-five percent, effective January 1, 2021;
(4) fifty-seven percent, effective January 1, 2022;
(5) fifty-eight percent, effective January 1, 2023;
(6) sixty percent, effective January 1, 2024;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at

the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-084)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received December 6, 2016)

Date

December 22, 2016

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as a proponent of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will defer to the Office of Administration regarding any costs associated with this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department because public employers are exempt.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated it appears Sections 290.502.4 and 290.512.3 would exclude public employers from the provisions of 290.502 subsection (3) and 290.512 subsection (2). They are a part of the definition of public employers. Therefore they assume there would be no direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. They defer to the Office of Administration - Budget and

Planning Division for a statewide response on how this petition may impact state revenues.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to this fiscal note request.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration (OA)** indicated this proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $9.00 per hour, beginning January 1, 2019 and by another $1.00 per hour each year until it reaches $12.00 per hour beginning January 1, 2022. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 51% of the minimum wage rate to tipped employees. Each year thereafter the rate increases until January 1, 2024 when tipped employees should be paid 60% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact for their office as it would be exempt from the provisions set forth in the petition.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted because cities are excluded from operation of the proposal.

Officials from the **City of Raymore** indicated there would be no direct fiscal impact on employee salaries. However there would be a potential increase cost in the capital projects. We have no way of predicting that value.

Officials from **University of Missouri** indicated we do not see an impact on the University of Missouri System.

Officials from **University of Central Missouri** indicated no fiscal impact.

Officials from **Missouri State University** indicated there will be no fiscal impact to their university for this fiscal note.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the proposed statutory amendment will have no fiscal impact on their university.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

November 24, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Proposal 1 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 2 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 3 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 4 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 5 $15 by 2027 and Tipped Minimum Wage at 100% by 2028
Proposal 6 $15 by 2027 and Tipped Minimum Wage at 60% by 2024
Proposal 7 $14 by 2024 and Tipped Minimum Wage at 100% by 2028
Proposal 8 $14 by 2024 and Tipped Minimum Wage at 60% by 2024
Proposal 9 $13 by 2023 and Tipped Minimum Wage at 100% by 2028
Proposal 10 $13 by 2023 and Tipped Minimum Wage at 60% by 2024
Proposal 11 $12 by 2022 and Tipped Minimum Wage at 100% by 2028
Proposal 12 $12 by 2022 and Tipped Minimum Wage at 60% by 2024

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Minimum Wage Initiative Petitions.

The estimated net fiscal impact for each of the twelve versions of the initiative in the final phase-in year is summarized in the right-most column of Table 2 below. The estimated net fiscal impact for each version of the initiative for 2019 and 2020 – the first two fiscal years of implementation – is summarized in Table 3 below.

Our analysis estimates the impact of each of the twelve proposed initiative petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax, with some refinements. We also address certain claims that have been made by opponents in the past.

As these proposed initiatives exclude from the minimum wage increases public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Accordingly, we do not include in our analysis any such estimates.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for the Final Year of Minimum Wage Phase-In.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW Increase	Aggregate Annual Wage Increase in Nominal Dollars
1	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
2	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
3	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
4	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
5	2027	$ 15.00	$ 14.25	1,097,200	$ 8,058,515,525
6	2027	$ 15.00	$ 9.00	1,096,645	$ 7,908,877,243
7	2024	$ 14.00	$ 11.20	1,044,718	$ 7,064,599,152
8	2024	$ 14.00	$ 8.40	1,043,118	$ 6,985,083,230
9	2023	$ 13.00	$ 9.75	949,801	$ 5,741,687,801
10	2023	$ 13.00	$ 7.54	944,495	$ 5,682,599,137
11	2022	$ 12.00	$ 8.40	867,022	$ 4,552,685,065
12	2022	$ 12.00	$ 6.84	858,952	$ 4,517,542,341

Note: Author's Analysis of American Community Survey (ACS) Data from 2014.

Across the twelve proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $4.517 billion (Proposal 12) to a high of $8.294 billion under Proposals 1 and 3. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables 1 through 12 below.

The wage impact of an increase in the Missouri minimum wage is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the State of Missouri was downloaded from the US Census Bureau. The ACS was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15% above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015)). Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

All wage earners are included in this calculation. To be consistent with past estimates, public employees should have been excluded. Employees in the public sector were included because the ACS does not have a published variable that

allows for identification of public employees. This inclusion of public employees will have a minimal impact on our results.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual inflation was to adjust wages to 2015. For all subsequent years between 2016 and 2028, baseline wages were inflated by the annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twelve proposals were analyzed. For each proposal, we constructed a baseline wage scenario which used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twelve minimum wage proposed scenarios. Since the minimum wage proposals offered six different paths for raising the minimum wage for all non-tipped private sector workers, and two different wage paths for tipped workers (for each proposal), we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings on an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighting factor for that employee in the population. The total impact for the State of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next we review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that were true, then those employment reductions would result in reductions in state income and sales tax revenue or increases in unemployment-related costs to the state.

However, as explained in greater detail below, review of the most credible recent empirical research on the minimum wage shows that increases have had no discernible impact on aggregate employment levels. Larger $15 minimum wage increases, such as those adopted recently in New York, California, Seattle and other jurisdictions, have not yet been studied to determine whether the same holds true for them. While it is possible that there may be some employment

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. Larger counties and cities will also have almost all public employees earning more than the highest proposed minimum wage. Local public employees in small counties and towns may have some public employees who earn less than the highest proposed minimum.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders', 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers.'

losses from such larger minimum wage increases as the result of increased use of automation or other factors, we offset this potential negative effect by not also calculating the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason, and because of the likely increases in wages to individuals who earn above the proposed minimum wages, the wage and tax impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A meta-study—a formal statistical study of studies—by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the bulk of the studies find that higher minimum wages have had little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results. (Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations, vol. 47, no. 2, pp. 406–28.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2) Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport. (Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522–543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84–105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139–63; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106–138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in

response to the minimum-wage rise. About 90% of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28–29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433–44; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543–69.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Note too, we conclude the same as to small businesses. In fact, the proposed increases will not affect some small businesses as the state minimum wage law exempts individuals employed by any retail or service business that has a gross volume of sales made or business done of less than $500,000 annually. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs—both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the twelve minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with slightly higher prices (which would be taxable). Studies are mixed as to whether businesses increase prices by even small amounts when the minimum wage increases.

Increase in Personal Income Tax Revenue and Sales Tax Revenue Due to Increased Wages. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax. In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The State of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that was taxable.[3] The resulting rate was 30.3%.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state and local sale tax revenue, and in state income tax revenue, resulting from the increased wages would be as follows for the final year of the minimum wage phase-in, for each of the twelve versions of the initiative:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Final Year of Full Minimum Wage Phase-In.

Proposal	Final Year of Minimum Wage Phase-In	State & Local Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
1	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
2	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
3	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
4	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
5	2027	$ 175,239,175	$ 220,400,400	$ 395,639,574
6	2027	$ 171,985,165	$ 216,307,793	$ 388,292,957
7	2024	$ 153,625,630	$ 193,216,787	$ 346,842,417
8	2024	$ 151,896,490	$ 191,042,026	$ 342,938,516
9	2023	$ 124,857,814	$ 157,035,161	$ 281,892,975
10	2023	$ 123,572,881	$ 155,419,086	$ 278,991,968
11	2022	$ 99,001,953	$ 124,515,937	$ 223,517,889
12	2022	$ 98,237,745	$ 123,554,783	$ 221,792,528

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50% of the spending on the category "apparel and services" was taxable.

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures.

As described in Table 2 above, the final fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase-out. The estimates of the total fiscal benefit range from $221 million to $407 million annually.

Section 23.140, RSMo., indicates that the fiscal note shall address the cost of the proposed legislation to the state for the first two fiscal years—which, in the case of the proposed initiatives, will be 2019 and 2020. Table 3 below summarizes our projected total sales and personal income tax revenue increases for years 2019 and 2020 for each of the twelve versions of the initiative:

Table 3. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in 2019 & 2020

Proposal	Total Sales and Personal Income Tax Revenue Increase—2019	Total Sales and Personal Income Tax Revenue Increase—2020
1	$ 60,008,101	$ 88,368,944
2	$ 59,882,683	$ 88,058,046
3	$ 93,306,606	$ 123,377,155
4	$ 93,142,857	$ 122,961,967
5	$ 91,491,028	$ 117,027,046
6	$ 91,328,763	$ 116,631,083
7	$ 91,491,028	$ 127,734,685
8	$ 91,328,763	$ 127,305,194
9	$ 91,491,028	$ 127,734,685
10	$ 91,328,763	$ 127,305,194
11	$ 91,491,028	$ 127,734,685
12	$ 91,328,763	$ 127,305,194

Complete year-by-year summaries of the fiscal benefits for all twelve versions of the proposed initiative can be found in Appendix tables 1 through 12.

Please also consider the following with reference to section 23.140, RSMo. The proposed measures will not establish a program or agency that will duplicate an existing program or agency. There is not a federal mandate for the proposed measures (although the United States Department of Labor currently supports minimum wage increases). The proposed measures will not have significant direct fiscal impact upon political subdivisions of the state because the measures exclude employees of public employers. And, the proposed measures do not require new physical facilities. We reference the economic impact of the proposed measures on small businesses in Section II above.

We hope that this information is useful to your office as you prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action

Appendix

Table A. Summary of Minimum Wage Proposals and Rates by Year, 2015-2028

	Proposal 1 & 2			Proposal 3 & 4			Proposal 5 & 6			Proposal 7 & 8			Proposal 9 & 10			Proposal 11 & 12		
	$15 by 2026			$15 by 2026			$15 by 2027			$14 by 2024			$13 by 2023			$12 by 2022		
Year	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B
2015	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2016	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2017	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88
2018	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94
2019	**$ 8.00**	$ 4.40	$ 4.08	**$ 9.05**	$ 4.98	$ 4.62	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59
2020	$ 9.00	$ 5.40	$ 4.77	$ 9.90	$ 5.94	$ 5.25	$ 9.75	$ 5.85	$ 5.17	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30
2021	$ 10.00	$ 6.50	$ 5.50	$ 10.75	$ 6.99	$ 5.91	$ 10.50	$ 6.83	$ 5.78	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05
2022	$ 11.00	$ 7.70	$ 6.27	$ 11.60	$ 8.12	$ 6.61	$ 11.25	$ 7.88	$ 6.41	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84
2023	$ 12.00	$ 9.00	$ 6.96	$ 12.45	$ 9.34	$ 7.22	$ 12.00	$ 9.00	$ 6.96	$ 13.00	$ 9.75	$ 7.54	$ 13.00	$ 9.75	$ 7.54	$ 12.00	$ 9.00	$ 6.96
2024	$ 13.00	$ 10.40	$ 7.80	$ 13.30	$ 10.64	$ 7.98	$ 12.75	$ 10.20	$ 7.65	$ 14.00	$ 11.20	$ 8.40	$ 13.00	$ 10.40	$ 7.80	$ 12.00	$ 9.60	$ 7.20
2025	$ 14.00	$ 11.90	$ 8.40	$ 14.15	$ 12.03	$ 8.49	$ 13.50	$ 11.48	$ 8.10	$ 14.00	$ 11.90	$ 8.40	$ 13.00	$ 11.05	$ 7.80	$ 12.00	$ 10.20	$ 7.20
2026	$ 15.00	$ 13.50	$ 9.00	$ 15.00	$ 13.50	$ 9.00	$ 14.25	$ 12.83	$ 8.55	$ 14.00	$ 12.60	$ 8.40	$ 13.00	$ 11.70	$ 7.80	$ 12.00	$ 10.80	$ 7.20
2027	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 14.00	$ 13.30	$ 8.40	$ 13.00	$ 12.35	$ 7.80	$ 12.00	$ 11.40	$ 7.20
2028	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 14.00	$ 14.00	$ 8.40	$ 13.00	$ 13.00	$ 7.80	$ 12.00	$ 12.00	$ 7.20

Note: Assumed minimum wage rates under existing law between 2015 and 2018 listed in grey shading. 2017 and 2018 MW rates assumed to increase according to annual average increase in the CPI-U for the Midwest Region between 2010-2016.

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposal 1.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.40	2,864,237	421,788	14.7%	$ 1,222,264,515	$ 15,651,147	$ 10,928,020	$ 26,579,166	$ 33,428,934	$ 60,008,101
2020	$ 9.00	$ 5.40	2,881,586	530,380	18.4%	$ 1,799,927,399	$ 23,048,143	$ 16,092,787	$ 39,140,930	$ 49,228,014	$ 88,368,944
2021	$ 10.00	$ 6.50	2,899,041	631,957	21.8%	$ 2,517,558,520	$ 32,237,439	$ 22,508,981	$ 54,746,420	$ 68,855,226	$ 123,601,646
2022	$ 11.00	$ 7.70	2,916,602	745,172	25.5%	$ 3,377,968,920	$ 43,255,029	$ 30,201,736	$ 73,456,766	$ 92,387,450	$ 165,844,216
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	37.2%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposal 2.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.08	2,864,237	420,743	14.7%	$ 1,219,709,970	$ 15,618,436	$ 10,905,180	$ 26,523,616	$ 33,359,068	$ 59,882,683
2020	$ 9.00	$ 4.77	2,881,586	528,273	18.3%	$ 1,793,594,927	$ 22,967,056	$ 16,036,169	$ 39,003,225	$ 49,054,821	$ 88,058,046
2021	$ 10.00	$ 5.50	2,899,041	627,965	21.7%	$ 2,503,864,976	$ 32,062,093	$ 22,386,550	$ 54,448,643	$ 68,480,707	$ 122,929,350
2022	$ 11.00	$ 6.27	2,916,602	738,066	25.3%	$ 3,351,722,654	$ 42,918,945	$ 29,967,074	$ 72,886,019	$ 91,669,615	$ 164,555,633
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposal 3.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.98	2,864,237	548,462	19.1%	$ 1,900,499,300	$ 24,335,971	$ 16,991,980	$ 41,327,950	$ 51,978,656	$ 93,306,606
2020	$ 9.90	$ 5.94	2,881,586	636,153	22.1%	$ 2,512,986,014	$ 32,178,888	$ 22,468,099	$ 54,646,987	$ 68,730,167	$ 123,377,155
2021	$ 10.75	$ 6.99	2,899,041	729,185	25.2%	$ 3,223,130,691	$ 41,272,319	$ 28,817,359	$ 70,089,679	$ 88,152,624	$ 158,242,303
2022	$ 11.60	$ 8.12	2,916,602	824,162	28.3%	$ 4,059,707,011	$ 51,984,713	$ 36,297,019	$ 88,281,732	$ 111,032,987	$ 199,314,719
2023	$ 12.45	$ 9.34	2,934,269	893,537	30.5%	$ 4,990,737,937	$ 63,906,602	$ 44,621,178	$ 108,527,780	$ 136,496,683	$ 245,024,462
2024	$ 13.30	$ 10.64	2,952,043	959,658	32.5%	$ 6,000,441,052	$ 76,835,891	$ 53,648,729	$ 130,484,620	$ 164,112,063	$ 294,596,683
2025	$ 14.15	$ 12.03	2,969,924	1,040,572	35.0%	$ 7,099,877,251	$ 90,914,217	$ 63,478,565	$ 154,392,782	$ 194,181,643	$ 348,574,425
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposal 4.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.62	2,864,237	547,296	19.1%	$ 1,897,164,012	$ 24,293,262	$ 16,962,159	$ 41,255,422	$ 51,887,436	$ 93,142,857
2020	$ 9.90	$ 5.25	2,881,586	633,553	22.0%	$ 2,504,529,330	$ 32,070,600	$ 22,392,490	$ 54,463,090	$ 68,498,877	$ 122,961,967
2021	$ 10.75	$ 5.91	2,899,041	724,839	25.0%	$ 3,206,008,487	$ 41,053,069	$ 28,664,273	$ 69,717,342	$ 87,684,332	$ 157,401,674
2022	$ 11.60	$ 6.61	2,916,602	816,188	28.0%	$ 4,028,411,748	$ 51,583,976	$ 36,017,214	$ 87,601,190	$ 110,177,061	$ 197,778,251
2023	$ 12.45	$ 7.22	2,934,269	886,538	30.2%	$ 4,936,926,743	$ 63,217,547	$ 44,140,063	$ 107,357,610	$ 135,024,946	$ 242,382,557
2024	$ 13.30	$ 7.98	2,952,043	955,827	32.4%	$ 5,926,500,505	$ 75,889,080	$ 52,987,641	$ 128,876,721	$ 162,089,789	$ 290,966,510
2025	$ 14.15	$ 8.49	2,969,924	1,038,903	35.0%	$ 6,999,334,098	$ 89,626,757	$ 62,579,629	$ 152,206,387	$ 191,431,788	$ 343,638,174
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 5.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 9.75	$ 5.85	2,881,586	616,817	21.4%	$ 2,383,644,943	$ 30,522,670	$ 21,311,687	$ 51,834,357	$ 65,192,689	$ 117,027,046
2021	$ 10.50	$ 6.83	2,899,041	689,691	23.8%	$ 2,975,549,883	$ 38,102,037	$ 26,603,789	$ 64,705,826	$ 81,381,289	$ 146,087,116
2022	$ 11.25	$ 7.88	2,916,602	784,685	26.9%	$ 3,651,492,961	$ 46,757,516	$ 32,647,259	$ 79,404,775	$ 99,868,332	$ 179,273,108
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.75	$ 10.20	2,952,043	904,578	30.6%	$ 5,237,058,923	$ 67,060,752	$ 46,823,484	$ 113,884,236	$ 143,233,562	$ 257,117,798
2025	$ 13.50	$ 11.48	2,969,924	959,850	32.3%	$ 6,114,487,630	$ 78,296,262	$ 54,668,396	$ 132,964,659	$ 167,231,237	$ 300,195,895
2026	$ 14.25	$ 12.83	2,987,914	1,026,895	34.4%	$ 7,054,339,607	$ 90,331,105	$ 63,071,423	$ 153,402,528	$ 192,936,188	$ 346,338,716
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 6.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 9.75	$ 5.17	2,881,586	614,272	21.3%	$ 2,375,579,835	$ 30,419,396	$ 21,239,578	$ 51,658,975	$ 64,972,108	$ 116,631,083
2021	$ 10.50	$ 5.78	2,899,041	684,908	23.6%	$ 2,959,643,079	$ 37,898,350	$ 26,461,570	$ 64,359,920	$ 80,946,238	$ 145,306,158
2022	$ 11.25	$ 6.41	2,916,602	777,265	26.6%	$ 3,623,087,338	$ 46,393,781	$ 32,393,291	$ 78,787,071	$ 99,091,439	$ 177,878,510
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.75	$ 7.65	2,952,043	899,272	30.5%	$ 5,168,339,574	$ 66,180,798	$ 46,209,078	$ 112,389,876	$ 141,354,087	$ 253,743,963
2025	$ 13.50	$ 8.10	2,969,924	956,019	32.2%	$ 6,020,031,489	$ 77,086,748	$ 53,823,883	$ 130,910,631	$ 164,647,861	$ 295,558,492
2026	$ 14.25	$ 8.55	2,987,914	1,024,719	34.3%	$ 6,932,879,471	$ 88,775,803	$ 61,985,472	$ 150,761,275	$ 189,614,254	$ 340,375,529
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 7.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 14.00	$ 11.20	2,952,043	1,044,718	35.4%	$ 7,064,599,152	$ 90,462,479	$ 63,163,151	$ 153,625,630	$ 193,216,787	$ 346,842,417
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 14.00	$ 12.60	2,987,914	997,728	33.4%	$ 6,669,196,152	$ 85,399,328	$ 59,627,933	$ 145,027,260	$ 182,402,515	$ 327,429,775
2027	$ 14.00	$ 13.30	3,006,013	971,739	32.3%	$ 6,480,542,208	$ 82,983,606	$ 57,941,216	$ 140,924,822	$ 177,242,829	$ 318,167,652
2028	$ 14.00	$ 14.00	3,024,222	950,955	31.4%	$ 6,298,798,887	$ 80,656,376	$ 56,316,286	$ 136,972,661	$ 172,272,150	$ 309,244,811

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 8.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 14.00	$ 8.40	2,952,043	1,043,118	35.3%	$ 6,985,083,230	$ 89,444,274	$ 62,452,215	$ 151,896,490	$ 191,042,026	$ 342,938,516
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 14.00	$ 8.40	2,987,914	994,829	33.3%	$ 6,550,573,334	$ 83,880,358	$ 58,567,350	$ 142,447,708	$ 179,158,181	$ 321,605,889
2027	$ 14.00	$ 8.40	3,006,013	968,537	32.2%	$ 6,342,493,856	$ 81,215,891	$ 56,706,954	$ 137,922,845	$ 173,467,207	$ 311,390,052
2028	$ 14.00	$ 8.40	3,024,222	947,055	31.3%	$ 6,141,467,687	$ 78,641,743	$ 54,909,619	$ 133,551,363	$ 167,969,141	$ 301,520,504

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 9.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 13.00	$ 11.05	2,969,924	909,631	30.6%	$ 5,416,478,901	$ 69,358,232	$ 48,427,641	$ 117,785,874	$ 148,140,698	$ 265,926,572
2026	$ 13.00	$ 11.70	2,987,914	893,063	29.9%	$ 5,260,207,202	$ 67,357,167	$ 47,030,448	$ 114,387,615	$ 143,866,667	$ 258,254,282
2027	$ 13.00	$ 12.35	3,006,013	876,584	29.2%	$ 5,106,957,524	$ 65,394,799	$ 45,660,274	$ 111,055,072	$ 139,675,288	$ 250,730,360
2028	$ 13.00	$ 13.00	3,024,222	857,479	28.4%	$ 4,956,685,598	$ 63,470,560	$ 44,316,723	$ 107,787,283	$ 135,565,351	$ 243,352,634

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 10.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 13.00	$ 7.80	2,969,924	904,418	30.5%	$ 5,327,596,215	$ 68,220,086	$ 47,632,959	$ 115,853,045	$ 145,709,756	$ 261,562,802
2026	$ 13.00	$ 7.80	2,987,914	887,266	29.7%	$ 5,153,689,112	$ 65,993,198	$ 46,078,091	$ 112,071,290	$ 140,953,397	$ 253,024,687
2027	$ 13.00	$ 7.80	3,006,013	870,278	29.0%	$ 4,982,946,968	$ 63,806,838	$ 44,551,520	$ 108,358,359	$ 136,283,600	$ 244,641,958
2028	$ 13.00	$ 7.80	3,024,222	850,799	28.1%	$ 4,815,248,660	$ 61,659,455	$ 43,052,164	$ 104,711,618	$ 131,697,051	$ 236,408,669

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 11.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.00	$ 9.60	2,952,043	831,622	28.2%	$ 4,281,776,630	$ 54,828,324	$ 38,282,498	$ 93,110,822	$ 117,106,591	$ 210,217,413
2025	$ 12.00	$ 10.20	2,969,924	813,271	27.4%	$ 4,150,695,234	$ 53,149,821	$ 37,110,526	$ 90,260,347	$ 113,521,515	$ 203,781,862
2026	$ 12.00	$ 10.80	2,987,914	799,427	26.8%	$ 4,022,314,218	$ 51,505,897	$ 35,962,697	$ 87,468,594	$ 110,010,294	$ 197,478,888
2027	$ 12.00	$ 11.40	3,006,013	772,796	25.7%	$ 3,898,371,841	$ 49,918,810	$ 34,854,554	$ 84,773,363	$ 106,620,470	$ 191,393,833
2028	$ 12.00	$ 12.00	3,024,222	748,806	24.8%	$ 3,780,440,095	$ 48,408,689	$ 33,800,150	$ 82,208,839	$ 103,395,037	$ 185,603,875

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 12.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.00	$ 7.20	2,952,043	824,019	27.9%	$ 4,221,332,779	$ 54,054,338	$ 37,742,082	$ 91,796,420	$ 115,453,451	$ 207,249,871
2025	$ 12.00	$ 7.20	2,969,924	805,089	27.1%	$ 4,074,348,740	$ 52,172,201	$ 36,427,927	$ 88,600,128	$ 111,433,438	$ 200,033,567
2026	$ 12.00	$ 7.20	2,987,914	790,442	26.5%	$ 3,930,187,607	$ 50,326,212	$ 35,139,012	$ 85,465,224	$ 107,490,631	$ 192,955,855
2027	$ 12.00	$ 7.20	3,006,013	763,507	25.4%	$ 3,790,569,472	$ 48,538,396	$ 33,890,714	$ 82,429,110	$ 103,672,075	$ 186,101,185
2028	$ 12.00	$ 7.20	3,024,222	739,084	24.4%	$ 3,657,027,733	$ 46,828,389	$ 32,696,745	$ 79,525,133	$ 100,019,709	$ 179,544,842

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

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December 14, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-073 through 2018-084

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-073 through 2018-084 (the "Initiative Petitions"). If passed, any of these twelve initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a near doubling of the minimum wage to $15—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second

effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 68.54% (($15-$8.90)/$8.90) in Initiative Petitions 2018-073 through 2018-076 to a wage increase of 42.01% (($15-$8.45)/$8.45) in Initiative Petitions 2018-083 through 2018-084.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than

private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, as well as in Dr. Macpherson's 2014 report, attached hereto as **Exhibit A and Exhibit B**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that the initiative is "likely to result in significant costs to state and local governmental entities" through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307

2009	210.526	-0.0267124
2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05
2027	$9.20

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk

calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it anticipates a state level change to $15.00. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2022	$8.45	$12.00	42.01%	28.44%	225,876	64,244
2023	$8.60	$13.00	51.16%	34.64%	275,076	95,279
2024	$8.75	$14.00	60.00%	40.62%	322,589	131,036
2026	$9.05	$15.00	65.75%	44.51%	353,481	157,334
2027	$9.20	$15.00	63.04%	42.68%	338,952	144,666

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer

payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.30 per week,

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. The expected unemployment weekly benefit amount of a worker making $13.99 an hour is $290.99 per week. The expected unemployment weekly benefit amount of a worker making $14.99 an hour is $311.79 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-073 through 2018-078, [($159.30+$311.79)/2]*20 = $4,710.90
- For Initiative Petitions 2018-079 through 2018-080, [($159.30+$290.99)/2]*20 = $4,502.90
- For Initiative Petitions 2018-081 through 2018-082, [($159.30+$270.19)/2]*20 = $4,294.90
- For Initiative Petitions 2018-083 through 2018-084, [($159.30+$249.39)/2]*20 = $4,086.90

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Benefits Paid	Average Cost of Annual Unemployment Benefits Paid by State
2022 ($12)	64,244	$4,086.90	$91,895,081.93	$22,973,770.48
2023 ($13)	95,279	$4,294.90	$143,224,223.60	$28,644,844.72

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2024 ($14)	131,036	$4,502.90	$206,514,130.35	$34,419,021.73
2026 ($15)	157,334	$4,710.90	$259,415,324.82	$32,426,915.60
2027 ($15)	144,666	$4,710.90	$238,527,470.79	$26,503,052.31

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2022 ($12)	225,876	64,244	161,632	$596,746,272.84	$237,187,559.20
2023 ($13)	275,076	95,279	179,797	$822,752,260.32	$336,905,136.41
2024 ($14)	322,589	131,036	191,553	$1,045,881,167.64	$442,900,455.01
2026 ($15)	353,481	157,334	196,147	$1,213,758,000.24	$482,701,950.51
2027 ($15)	338,952	144,666	194,286	$1,171,933,152.00	$421,267,392.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be

less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$359,558,713.64	$10,786,761.41	$16,180,142.11
$485,847,123.91	$14,575,413.72	$21,863,120.58
$602,980,712.63	$18,089,421.38	$27,134,132.07
$731,056,049.73	$21,931,681.49	$32,897,522.24
$750,665,760.00	$22,519,972.80	$33,779,959.20

Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage in Final Year of Increase	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2022 ($12)	$642,397,362.71	$40,149,835.17	$20,074,917.58
2023 ($13)	$885,692,808.24	$55,355,800.51	$27,677,900.26
2024 ($14)	$1,125,891,076.96	$70,368,192.31	$35,184,096.16
2026 ($15)	$1,306,610,487.26	$81,663,155.45	$40,831,577.73
2027 ($15)	$1,261,586,038.13	$78,849,127.38	$39,424,563.69

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2022 ($12)	($3,894,775.47)
2023 ($13)	($5,814,779.68)
2024 ($14)	($8,049,964.09)
2026 ($15)	($7,934,055.49)
2027 ($15)	($5,644,604.49)

4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.

calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2022 ($12)	$359,558,714	$89,889,678	$642,397,363	($96,359,604)
2023 ($13)	$485,847,124	$121,461,781	$885,692,808	($132,853,921)
2024 ($14)	$602,980,713	$150,745,178	$1,125,891,077	($168,883,662)
2025 ($15)	$731,056,050	$182,764,012	$1,306,610,487	($195,991,573)
2026 ($15)	$750,665,760	$187,666,440	$1,261,586,038	($189,237,906)

Accordingly, the annual net losses in sales tax revenue, and total tax losses are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Loss in State Sales Tax	Total Annual Loss in State Tax Revenue	Annual Net Loss in Local Sales Tax
2022 ($12)	($3,894,775.47)	($273,354.37)	($4,168,129.84)	($231,946.85)
2023 ($13)	($5,814,779.68)	($481,317.93)	($6,296,097.61)	($408,408.23)
2024 ($14)	($8,049,964.09)	($766,350.92)	($8,816,315.01)	($650,264.63)
2026 ($15)	($7,934,055.49)	($558,864.44)	($8,492,919.93)	($474,208.05)
2027 ($15)	($5,644,604.49)	($66,394.43)	($5,710,998.92)	($56,337.05)

[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

Graves Garrett LLC

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

EXHIBIT
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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri

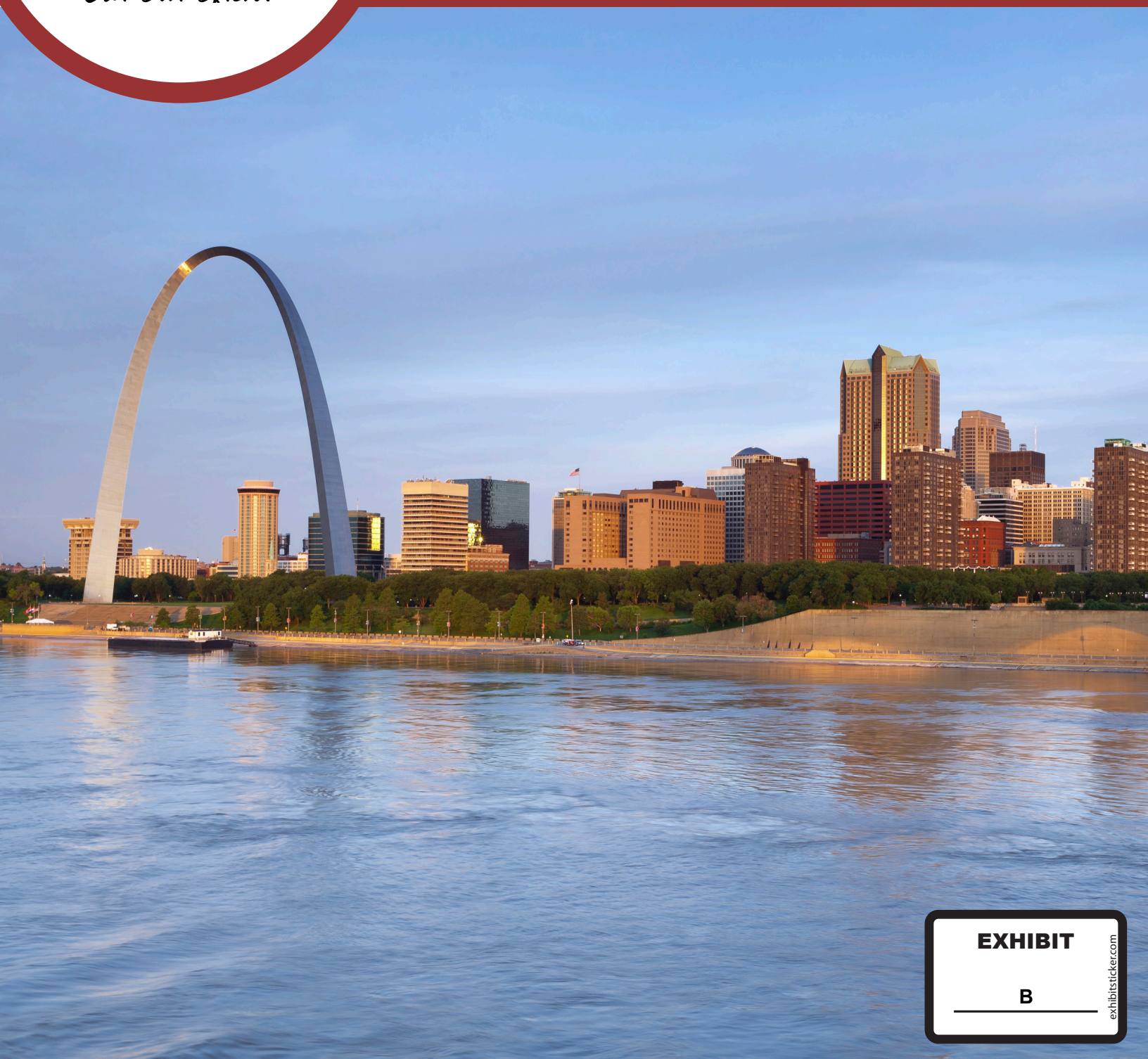

EXHIBIT
B
exhibitsticker.com

ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
Eat Out Often!

TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University,**. **Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $4.4 million decrease to a $222 million increase depending on business decisions.

STATE AUDITOR'S OFFICE
RECEIVED
DEC 06 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 6, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 11 (2018-083)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on December 5, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
DEC 05 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next three years, until it reaches $12.00 per hour, effective January 1, 2022. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2023, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-five percent, effective January 1, 2019;
(2) sixty percent, effective January 1, 2020;
(3) sixty-five percent, effective January 1, 2021;
(4) seventy percent, effective January 1, 2022;
(5) seventy-five percent, effective January 1, 2023;
(6) eighty percent, effective January 1, 2024;
(7) eighty-five percent, effective January 1, 2025;
(8) ninety percent, effective January 1, 2026;
(9) ninety-five percent; effective January 1, 2027;
(10) one hundred percent, effective January 1, 2028;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-083)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received December 6, 2016)

Date

December 22, 2016

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will defer to the Office of Administration regarding any costs associated with this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department because public employers are exempt.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated it appears Sections 290.502.4 and 290.512.3 would exclude public employers from the provisions of 290.502 subsection (3) and 290.512 subsection (2). They are a part of the definition of public employers. Therefore they assume there would be no direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. They defer to the Office of Administration - Budget and

Planning Division for a statewide response on how this petition may impact state revenues.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to this fiscal note request.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration (OA)** indicated this proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $9.00 per hour, beginning January 1, 2019 and by another $1.00 per hour each year until it reaches $12.00 per hour beginning January 1, 2022. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 55% of the minimum wage rate to tipped employees. Each year thereafter the rate increases by five percent until January 1, 2028 when tipped employees should be paid 100% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact for their office as it would be exempt from the provisions set forth in the petition.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted because cities are excluded from operation of the proposal.

Officials from the **City of Raymore** indicated there would be no direct fiscal impact on employee salaries. However there would be a potential increase cost in the capital projects. We have no way of predicting that value.

Officials from **University of Missouri** indicated we do not see an impact on the University of Missouri System.

Officials from **University of Central Missouri** indicated no fiscal impact.

Officials from **Missouri State University** indicated there will be no fiscal impact to their university for this fiscal note.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the proposed statutory amendment will have no fiscal impact on their university.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

November 24, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Proposal 1 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 2 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 3 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 4 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 5 $15 by 2027 and Tipped Minimum Wage at 100% by 2028
Proposal 6 $15 by 2027 and Tipped Minimum Wage at 60% by 2024
Proposal 7 $14 by 2024 and Tipped Minimum Wage at 100% by 2028
Proposal 8 $14 by 2024 and Tipped Minimum Wage at 60% by 2024
Proposal 9 $13 by 2023 and Tipped Minimum Wage at 100% by 2028
Proposal 10 $13 by 2023 and Tipped Minimum Wage at 60% by 2024
Proposal 11 $12 by 2022 and Tipped Minimum Wage at 100% by 2028
Proposal 12 $12 by 2022 and Tipped Minimum Wage at 60% by 2024

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Minimum Wage Initiative Petitions.

The estimated net fiscal impact for each of the twelve versions of the initiative in the final phase-in year is summarized in the right-most column of Table 2 below. The estimated net fiscal impact for each version of the initiative for 2019 and 2020 – the first two fiscal years of implementation – is summarized in Table 3 below.

Our analysis estimates the impact of each of the twelve proposed initiative petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax, with some refinements. We also address certain claims that have been made by opponents in the past.

As these proposed initiatives exclude from the minimum wage increases public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Accordingly, we do not include in our analysis any such estimates.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for the Final Year of Minimum Wage Phase-In.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW Increase	Aggregate Annual Wage Increase in Nominal Dollars
1	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
2	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
3	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
4	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
5	2027	$ 15.00	$ 14.25	1,097,200	$ 8,058,515,525
6	2027	$ 15.00	$ 9.00	1,096,645	$ 7,908,877,243
7	2024	$ 14.00	$ 11.20	1,044,718	$ 7,064,599,152
8	2024	$ 14.00	$ 8.40	1,043,118	$ 6,985,083,230
9	2023	$ 13.00	$ 9.75	949,801	$ 5,741,687,801
10	2023	$ 13.00	$ 7.54	944,495	$ 5,682,599,137
11	2022	$ 12.00	$ 8.40	867,022	$ 4,552,685,065
12	2022	$ 12.00	$ 6.84	858,952	$ 4,517,542,341

Note: Author's Analysis of American Community Survey (ACS) Data from 2014.

Across the twelve proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $4.517 billion (Proposal 12) to a high of $8.294 billion under Proposals 1 and 3. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables 1 through 12 below.

The wage impact of an increase in the Missouri minimum wage is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the State of Missouri was downloaded from the US Census Bureau. The ACS was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15% above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015)). Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

All wage earners are included in this calculation. To be consistent with past estimates, public employees should have been excluded. Employees in the public sector were included because the ACS does not have a published variable that

allows for identification of public employees. This inclusion of public employees will have a minimal impact on our results.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual inflation was to adjust wages to 2015. For all subsequent years between 2016 and 2028, baseline wages were inflated by the annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twelve proposals were analyzed. For each proposal, we constructed a baseline wage scenario which used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twelve minimum wage proposed scenarios. Since the minimum wage proposals offered six different paths for raising the minimum wage for all non-tipped private sector workers, and two different wage paths for tipped workers (for each proposal), we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings on an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighting factor for that employee in the population. The total impact for the State of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next we review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that were true, then those employment reductions would result in reductions in state income and sales tax revenue or increases in unemployment-related costs to the state.

However, as explained in greater detail below, review of the most credible recent empirical research on the minimum wage shows that increases have had no discernible impact on aggregate employment levels. Larger $15 minimum wage increases, such as those adopted recently in New York, California, Seattle and other jurisdictions, have not yet been studied to determine whether the same holds true for them. While it is possible that there may be some employment

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. Larger counties and cities will also have almost all public employees earning more than the highest proposed minimum wage. Local public employees in small counties and towns may have some public employees who earn less than the highest proposed minimum.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders', 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers.'

losses from such larger minimum wage increases as the result of increased use of automation or other factors, we offset this potential negative effect by not also calculating the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason, and because of the likely increases in wages to individuals who earn above the proposed minimum wages, the wage and tax impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A meta-study—a formal statistical study of studies—by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the bulk of the studies find that higher minimum wages have had little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results. (Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations, vol. 47, no. 2, pp. 406–28.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2) Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport. (Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522–543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84–105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139–63; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106–138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in

response to the minimum-wage rise. About 90% of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28–29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433–44; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543–69.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Note too, we conclude the same as to small businesses. In fact, the proposed increases will not affect some small businesses as the state minimum wage law exempts individuals employed by any retail or service business that has a gross volume of sales made or business done of less than $500,000 annually. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs—both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the twelve minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with slightly higher prices (which would be taxable). Studies are mixed as to whether businesses increase prices by even small amounts when the minimum wage increases.

Increase in Personal Income Tax Revenue and Sales Tax Revenue Due to Increased Wages. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax. In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The State of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that was taxable.[3] The resulting rate was 30.3%.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state and local sale tax revenue, and in state income tax revenue, resulting from the increased wages would be as follows for the final year of the minimum wage phase-in, for each of the twelve versions of the initiative:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Final Year of Full Minimum Wage Phase-In.

Proposal	Final Year of Minimum Wage Phase-In	State & Local Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
1	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
2	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
3	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
4	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
5	2027	$ 175,239,175	$ 220,400,400	$ 395,639,574
6	2027	$ 171,985,165	$ 216,307,793	$ 388,292,957
7	2024	$ 153,625,630	$ 193,216,787	$ 346,842,417
8	2024	$ 151,896,490	$ 191,042,026	$ 342,938,516
9	2023	$ 124,857,814	$ 157,035,161	$ 281,892,975
10	2023	$ 123,572,881	$ 155,419,086	$ 278,991,968
11	2022	$ 99,001,953	$ 124,515,937	$ 223,517,889
12	2022	$ 98,237,745	$ 123,554,783	$ 221,792,528

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50% of the spending on the category "apparel and services" was taxable.

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures.

As described in Table 2 above, the final fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase-out. The estimates of the total fiscal benefit range from $221 million to $407 million annually.

Section 23.140, RSMo., indicates that the fiscal note shall address the cost of the proposed legislation to the state for the first two fiscal years—which, in the case of the proposed initiatives, will be 2019 and 2020. Table 3 below summarizes our projected total sales and personal income tax revenue increases for years 2019 and 2020 for each of the twelve versions of the initiative:

Table 3. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in 2019 & 2020

Proposal	Total Sales and Personal Income Tax Revenue Increase—2019	Total Sales and Personal Income Tax Revenue Increase—2020
1	$ 60,008,101	$ 88,368,944
2	$ 59,882,683	$ 88,058,046
3	$ 93,306,606	$ 123,377,155
4	$ 93,142,857	$ 122,961,967
5	$ 91,491,028	$ 117,027,046
6	$ 91,328,763	$ 116,631,083
7	$ 91,491,028	$ 127,734,685
8	$ 91,328,763	$ 127,305,194
9	$ 91,491,028	$ 127,734,685
10	$ 91,328,763	$ 127,305,194
11	$ 91,491,028	$ 127,734,685
12	$ 91,328,763	$ 127,305,194

Complete year-by-year summaries of the fiscal benefits for all twelve versions of the proposed initiative can be found in Appendix tables 1 through 12.

Please also consider the following with reference to section 23.140, RSMo. The proposed measures will not establish a program or agency that will duplicate an existing program or agency. There is not a federal mandate for the proposed measures (although the United States Department of Labor currently supports minimum wage increases). The proposed measures will not have significant direct fiscal impact upon political subdivisions of the state because the measures exclude employees of public employers. And, the proposed measures do not require new physical facilities. We reference the economic impact of the proposed measures on small businesses in Section II above.

We hope that this information is useful to your office as you prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action

Appendix

Table A. Summary of Minimum Wage Proposals and Rates by Year, 2015-2028

	Proposal 1 & 2			Proposal 3 & 4			Proposal 5 & 6			Proposal 7 & 8			Proposal 9 & 10			Proposal 11 & 12		
	$15 by 2026			$15 by 2026			$15 by 2027			$14 by 2024			$13 by 2023			$12 by 2022		
Year	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B
2015	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2016	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2017	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88
2018	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94
2019	**$ 8.00**	$ 4.40	$ 4.08	**$ 9.05**	$ 4.98	$ 4.62	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59
2020	$ 9.00	$ 5.40	$ 4.77	$ 9.90	$ 5.94	$ 5.25	$ 9.75	$ 5.85	$ 5.17	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30
2021	$ 10.00	$ 6.50	$ 5.50	$ 10.75	$ 6.99	$ 5.91	$ 10.50	$ 6.83	$ 5.78	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05
2022	$ 11.00	$ 7.70	$ 6.27	$ 11.60	$ 8.12	$ 6.61	$ 11.25	$ 7.88	$ 6.41	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84
2023	$ 12.00	$ 9.00	$ 6.96	$ 12.45	$ 9.34	$ 7.22	$ 12.00	$ 9.00	$ 6.96	$ 13.00	$ 9.75	$ 7.54	$ 13.00	$ 9.75	$ 7.54	$ 12.00	$ 9.00	$ 6.96
2024	$ 13.00	$ 10.40	$ 7.80	$ 13.30	$ 10.64	$ 7.98	$ 12.75	$ 10.20	$ 7.65	$ 14.00	$ 11.20	$ 8.40	$ 13.00	$ 10.40	$ 7.80	$ 12.00	$ 9.60	$ 7.20
2025	$ 14.00	$ 11.90	$ 8.40	$ 14.15	$ 12.03	$ 8.49	$ 13.50	$ 11.48	$ 8.10	$ 14.00	$ 11.90	$ 8.40	$ 13.00	$ 11.05	$ 7.80	$ 12.00	$ 10.20	$ 7.20
2026	$ 15.00	$ 13.50	$ 9.00	$ 15.00	$ 13.50	$ 9.00	$ 14.25	$ 12.83	$ 8.55	$ 14.00	$ 12.60	$ 8.40	$ 13.00	$ 11.70	$ 7.80	$ 12.00	$ 10.80	$ 7.20
2027	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 14.00	$ 13.30	$ 8.40	$ 13.00	$ 12.35	$ 7.80	$ 12.00	$ 11.40	$ 7.20
2028	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 14.00	$ 14.00	$ 8.40	$ 13.00	$ 13.00	$ 7.80	$ 12.00	$ 12.00	$ 7.20

Note: Assumed minimum wage rates under existing law between 2015 and 2018 listed in grey shading. 2017 and 2018 MW rates assumed to increase according to annual average increase in the CPI-U for the Midwest Region between 2010-2016.

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposal 1.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.40	2,864,237	421,788	14.7%	$ 1,222,264,515	$ 15,651,147	$ 10,928,020	$ 26,579,166	$ 33,428,934	$ 60,008,101
2020	$ 9.00	$ 5.40	2,881,586	530,380	18.4%	$ 1,799,927,399	$ 23,048,143	$ 16,092,787	$ 39,140,930	$ 49,228,014	$ 88,368,944
2021	$ 10.00	$ 6.50	2,899,041	631,957	21.8%	$ 2,517,558,520	$ 32,237,439	$ 22,508,981	$ 54,746,420	$ 68,855,226	$ 123,601,646
2022	$ 11.00	$ 7.70	2,916,602	745,172	25.5%	$ 3,377,968,920	$ 43,255,029	$ 30,201,736	$ 73,456,766	$ 92,387,450	$ 165,844,216
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	37.2%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposal 2.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.08	2,864,237	420,743	14.7%	$ 1,219,709,970	$ 15,618,436	$ 10,905,180	$ 26,523,616	$ 33,359,068	$ 59,882,683
2020	$ 9.00	$ 4.77	2,881,586	528,273	18.3%	$ 1,793,594,927	$ 22,967,056	$ 16,036,169	$ 39,003,225	$ 49,054,821	$ 88,058,046
2021	$ 10.00	$ 5.50	2,899,041	627,965	21.7%	$ 2,503,864,976	$ 32,062,093	$ 22,386,550	$ 54,448,643	$ 68,480,707	$ 122,929,350
2022	$ 11.00	$ 6.27	2,916,602	738,066	25.3%	$ 3,351,722,654	$ 42,918,945	$ 29,967,074	$ 72,886,019	$ 91,669,615	$ 164,555,633
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposal 3.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.98	2,864,237	548,462	19.1%	$ 1,900,499,300	$ 24,335,971	$ 16,991,980	$ 41,327,950	$ 51,978,656	$ 93,306,606
2020	$ 9.90	$ 5.94	2,881,586	636,153	22.1%	$ 2,512,986,014	$ 32,178,888	$ 22,468,099	$ 54,646,987	$ 68,730,167	$ 123,377,155
2021	$ 10.75	$ 6.99	2,899,041	729,185	25.2%	$ 3,223,130,691	$ 41,272,319	$ 28,817,359	$ 70,089,679	$ 88,152,624	$ 158,242,303
2022	$ 11.60	$ 8.12	2,916,602	824,162	28.3%	$ 4,059,707,011	$ 51,984,713	$ 36,297,019	$ 88,281,732	$ 111,032,987	$ 199,314,719
2023	$ 12.45	$ 9.34	2,934,269	893,537	30.5%	$ 4,990,737,937	$ 63,906,602	$ 44,621,178	$ 108,527,780	$ 136,496,683	$ 245,024,462
2024	$ 13.30	$ 10.64	2,952,043	959,658	32.5%	$ 6,000,441,052	$ 76,835,891	$ 53,648,729	$ 130,484,620	$ 164,112,063	$ 294,596,683
2025	$ 14.15	$ 12.03	2,969,924	1,040,572	35.0%	$ 7,099,877,251	$ 90,914,217	$ 63,478,565	$ 154,392,782	$ 194,181,643	$ 348,574,425
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposal 4.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.62	2,864,237	547,296	19.1%	$ 1,897,164,012	$ 24,293,262	$ 16,962,159	$ 41,255,422	$ 51,887,436	$ 93,142,857
2020	$ 9.90	$ 5.25	2,881,586	633,553	22.0%	$ 2,504,529,330	$ 32,070,600	$ 22,392,490	$ 54,463,090	$ 68,498,877	$ 122,961,967
2021	$ 10.75	$ 5.91	2,899,041	724,839	25.0%	$ 3,206,008,487	$ 41,053,069	$ 28,664,273	$ 69,717,342	$ 87,684,332	$ 157,401,674
2022	$ 11.60	$ 6.61	2,916,602	816,188	28.0%	$ 4,028,411,748	$ 51,583,976	$ 36,017,214	$ 87,601,190	$ 110,177,061	$ 197,778,251
2023	$ 12.45	$ 7.22	2,934,269	886,538	30.2%	$ 4,936,926,743	$ 63,217,547	$ 44,140,063	$ 107,357,610	$ 135,024,946	$ 242,382,557
2024	$ 13.30	$ 7.98	2,952,043	955,827	32.4%	$ 5,926,500,505	$ 75,889,080	$ 52,987,641	$ 128,876,721	$ 162,089,789	$ 290,966,510
2025	$ 14.15	$ 8.49	2,969,924	1,038,903	35.0%	$ 6,999,334,098	$ 89,626,757	$ 62,579,629	$ 152,206,387	$ 191,431,788	$ 343,638,174
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 5.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 9.75	$ 5.85	2,881,586	616,817	21.4%	$ 2,383,644,943	$ 30,522,670	$ 21,311,687	$ 51,834,357	$ 65,192,689	$ 117,027,046
2021	$ 10.50	$ 6.83	2,899,041	689,691	23.8%	$ 2,975,549,883	$ 38,102,037	$ 26,603,789	$ 64,705,826	$ 81,381,289	$ 146,087,116
2022	$ 11.25	$ 7.88	2,916,602	784,685	26.9%	$ 3,651,492,961	$ 46,757,516	$ 32,647,259	$ 79,404,775	$ 99,868,332	$ 179,273,108
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.75	$ 10.20	2,952,043	904,578	30.6%	$ 5,237,058,923	$ 67,060,752	$ 46,823,484	$ 113,884,236	$ 143,233,562	$ 257,117,798
2025	$ 13.50	$ 11.48	2,969,924	959,850	32.3%	$ 6,114,487,630	$ 78,296,262	$ 54,668,396	$ 132,964,659	$ 167,231,237	$ 300,195,895
2026	$ 14.25	$ 12.83	2,987,914	1,026,895	34.4%	$ 7,054,339,607	$ 90,331,105	$ 63,071,423	$ 153,402,528	$ 192,936,188	$ 346,338,716
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 6.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 9.75	$ 5.17	2,881,586	614,272	21.3%	$ 2,375,579,835	$ 30,419,396	$ 21,239,578	$ 51,658,975	$ 64,972,108	$ 116,631,083
2021	$ 10.50	$ 5.78	2,899,041	684,908	23.6%	$ 2,959,643,079	$ 37,898,350	$ 26,461,570	$ 64,359,920	$ 80,946,238	$ 145,306,158
2022	$ 11.25	$ 6.41	2,916,602	777,265	26.6%	$ 3,623,087,338	$ 46,393,781	$ 32,393,291	$ 78,787,071	$ 99,091,439	$ 177,878,510
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.75	$ 7.65	2,952,043	899,272	30.5%	$ 5,168,339,574	$ 66,180,798	$ 46,209,078	$ 112,389,876	$ 141,354,087	$ 253,743,963
2025	$ 13.50	$ 8.10	2,969,924	956,019	32.2%	$ 6,020,031,489	$ 77,086,748	$ 53,823,883	$ 130,910,631	$ 164,647,861	$ 295,558,492
2026	$ 14.25	$ 8.55	2,987,914	1,024,719	34.3%	$ 6,932,879,471	$ 88,775,803	$ 61,985,472	$ 150,761,275	$ 189,614,254	$ 340,375,529
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 7.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 14.00	$ 11.20	2,952,043	1,044,718	35.4%	$ 7,064,599,152	$ 90,462,479	$ 63,163,151	$ 153,625,630	$ 193,216,787	$ 346,842,417
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 14.00	$ 12.60	2,987,914	997,728	33.4%	$ 6,669,196,152	$ 85,399,328	$ 59,627,933	$ 145,027,260	$ 182,402,515	$ 327,429,775
2027	$ 14.00	$ 13.30	3,006,013	971,739	32.3%	$ 6,480,542,208	$ 82,983,606	$ 57,941,216	$ 140,924,822	$ 177,242,829	$ 318,167,652
2028	$ 14.00	$ 14.00	3,024,222	950,955	31.4%	$ 6,298,798,887	$ 80,656,376	$ 56,316,286	$ 136,972,661	$ 172,272,150	$ 309,244,811

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 8.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 14.00	$ 8.40	2,952,043	1,043,118	35.3%	$ 6,985,083,230	$ 89,444,274	$ 62,452,215	$ 151,896,490	$ 191,042,026	$ 342,938,516
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 14.00	$ 8.40	2,987,914	994,829	33.3%	$ 6,550,573,334	$ 83,880,358	$ 58,567,350	$ 142,447,708	$ 179,158,181	$ 321,605,889
2027	$ 14.00	$ 8.40	3,006,013	968,537	32.2%	$ 6,342,493,856	$ 81,215,891	$ 56,706,954	$ 137,922,845	$ 173,467,207	$ 311,390,052
2028	$ 14.00	$ 8.40	3,024,222	947,055	31.3%	$ 6,141,467,687	$ 78,641,743	$ 54,909,619	$ 133,551,363	$ 167,969,141	$ 301,520,504

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 9.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 13.00	$ 11.05	2,969,924	909,631	30.6%	$ 5,416,478,901	$ 69,358,232	$ 48,427,641	$ 117,785,874	$ 148,140,698	$ 265,926,572
2026	$ 13.00	$ 11.70	2,987,914	893,063	29.9%	$ 5,260,207,202	$ 67,357,167	$ 47,030,448	$ 114,387,615	$ 143,866,667	$ 258,254,282
2027	$ 13.00	$ 12.35	3,006,013	876,584	29.2%	$ 5,106,957,524	$ 65,394,799	$ 45,660,274	$ 111,055,072	$ 139,675,288	$ 250,730,360
2028	$ 13.00	$ 13.00	3,024,222	857,479	28.4%	$ 4,956,685,598	$ 63,470,560	$ 44,316,723	$ 107,787,283	$ 135,565,351	$ 243,352,634

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 10.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 13.00	$ 7.80	2,969,924	904,418	30.5%	$ 5,327,596,215	$ 68,220,086	$ 47,632,959	$ 115,853,045	$ 145,709,756	$ 261,562,802
2026	$ 13.00	$ 7.80	2,987,914	887,266	29.7%	$ 5,153,689,112	$ 65,993,198	$ 46,078,091	$ 112,071,290	$ 140,953,397	$ 253,024,687
2027	$ 13.00	$ 7.80	3,006,013	870,278	29.0%	$ 4,982,946,968	$ 63,806,838	$ 44,551,520	$ 108,358,359	$ 136,283,600	$ 244,641,958
2028	$ 13.00	$ 7.80	3,024,222	850,799	28.1%	$ 4,815,248,660	$ 61,659,455	$ 43,052,164	$ 104,711,618	$ 131,697,051	$ 236,408,669

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 11.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.00	$ 9.60	2,952,043	831,622	28.2%	$ 4,281,776,630	$ 54,828,324	$ 38,282,498	$ 93,110,822	$ 117,106,591	$ 210,217,413
2025	$ 12.00	$ 10.20	2,969,924	813,271	27.4%	$ 4,150,695,234	$ 53,149,821	$ 37,110,526	$ 90,260,347	$ 113,521,515	$ 203,781,862
2026	$ 12.00	$ 10.80	2,987,914	799,427	26.8%	$ 4,022,314,218	$ 51,505,897	$ 35,962,697	$ 87,468,594	$ 110,010,294	$ 197,478,888
2027	$ 12.00	$ 11.40	3,006,013	772,796	25.7%	$ 3,898,371,841	$ 49,918,810	$ 34,854,554	$ 84,773,363	$ 106,620,470	$ 191,393,833
2028	$ 12.00	$ 12.00	3,024,222	748,806	24.8%	$ 3,780,440,095	$ 48,408,689	$ 33,800,150	$ 82,208,839	$ 103,395,037	$ 185,603,875

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 12.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.00	$ 7.20	2,952,043	824,019	27.9%	$ 4,221,332,779	$ 54,054,338	$ 37,742,082	$ 91,796,420	$ 115,453,451	$ 207,249,871
2025	$ 12.00	$ 7.20	2,969,924	805,089	27.1%	$ 4,074,348,740	$ 52,172,201	$ 36,427,927	$ 88,600,128	$ 111,433,438	$ 200,033,567
2026	$ 12.00	$ 7.20	2,987,914	790,442	26.5%	$ 3,930,187,607	$ 50,326,212	$ 35,139,012	$ 85,465,224	$ 107,490,631	$ 192,955,855
2027	$ 12.00	$ 7.20	3,006,013	763,507	25.4%	$ 3,790,569,472	$ 48,538,396	$ 33,890,714	$ 82,429,110	$ 103,672,075	$ 186,101,185
2028	$ 12.00	$ 7.20	3,024,222	739,084	24.4%	$ 3,657,027,733	$ 46,828,389	$ 32,696,745	$ 79,525,133	$ 100,019,709	$ 179,544,842

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

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December 14, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-073 through 2018-084

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-073 through 2018-084 (the "Initiative Petitions"). If passed, any of these twelve initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a near doubling of the minimum wage to $15—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second

effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 68.54% (($15-$8.90)/$8.90) in Initiative Petitions 2018-073 through 2018-076 to a wage increase of 42.01% (($15-$8.45)/$8.45) in Initiative Petitions 2018-083 through 2018-084.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than

private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, as well as in Dr. Macpherson's 2014 report, attached hereto as **Exhibit A and Exhibit B**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that the initiative is "likely to result in significant costs to state and local governmental entities" through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307

2009	210.526	-0.0267124
2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05
2027	$9.20

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk

calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it anticipates a state level change to $15.00. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2022	$8.45	$12.00	42.01%	28.44%	225,876	64,244
2023	$8.60	$13.00	51.16%	34.64%	275,076	95,279
2024	$8.75	$14.00	60.00%	40.62%	322,589	131,036
2026	$9.05	$15.00	65.75%	44.51%	353,481	157,334
2027	$9.20	$15.00	63.04%	42.68%	338,952	144,666

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer

payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.30 per week,

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. The expected unemployment weekly benefit amount of a worker making $13.99 an hour is $290.99 per week. The expected unemployment weekly benefit amount of a worker making $14.99 an hour is $311.79 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-073 through 2018-078, [($159.30+$311.79)/2]*20 = $4,710.90
- For Initiative Petitions 2018-079 through 2018-080, [($159.30+$290.99)/2]*20 = $4,502.90
- For Initiative Petitions 2018-081 through 2018-082, [($159.30+$270.19)/2]*20 = $4,294.90
- For Initiative Petitions 2018-083 through 2018-084, [($159.30+$249.39)/2]*20 = $4,086.90

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Benefits Paid	Average Cost of Annual Unemployment Benefits Paid by State
2022 ($12)	64,244	$4,086.90	$91,895,081.93	$22,973,770.48
2023 ($13)	95,279	$4,294.90	$143,224,223.60	$28,644,844.72

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2024 ($14)	131,036	$4,502.90	$206,514,130.35	$34,419,021.73
2026 ($15)	157,334	$4,710.90	$259,415,324.82	$32,426,915.60
2027 ($15)	144,666	$4,710.90	$238,527,470.79	$26,503,052.31

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2022 ($12)	225,876	64,244	161,632	$596,746,272.84	$237,187,559.20
2023 ($13)	275,076	95,279	179,797	$822,752,260.32	$336,905,136.41
2024 ($14)	322,589	131,036	191,553	$1,045,881,167.64	$442,900,455.01
2026 ($15)	353,481	157,334	196,147	$1,213,758,000.24	$482,701,950.51
2027 ($15)	338,952	144,666	194,286	$1,171,933,152.00	$421,267,392.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be

less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$359,558,713.64	$10,786,761.41	$16,180,142.11
$485,847,123.91	$14,575,413.72	$21,863,120.58
$602,980,712.63	$18,089,421.38	$27,134,132.07
$731,056,049.73	$21,931,681.49	$32,897,522.24
$750,665,760.00	$22,519,972.80	$33,779,959.20

Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage in Final Year of Increase	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2022 ($12)	$642,397,362.71	$40,149,835.17	$20,074,917.58
2023 ($13)	$885,692,808.24	$55,355,800.51	$27,677,900.26
2024 ($14)	$1,125,891,076.96	$70,368,192.31	$35,184,096.16
2026 ($15)	$1,306,610,487.26	$81,663,155.45	$40,831,577.73
2027 ($15)	$1,261,586,038.13	$78,849,127.38	$39,424,563.69

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2022 ($12)	($3,894,775.47)
2023 ($13)	($5,814,779.68)
2024 ($14)	($8,049,964.09)
2026 ($15)	($7,934,055.49)
2027 ($15)	($5,644,604.49)

4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.

calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2022 ($12)	$359,558,714	$89,889,678	$642,397,363	($96,359,604)
2023 ($13)	$485,847,124	$121,461,781	$885,692,808	($132,853,921)
2024 ($14)	$602,980,713	$150,745,178	$1,125,891,077	($168,883,662)
2025 ($15)	$731,056,050	$182,764,012	$1,306,610,487	($195,991,573)
2026 ($15)	$750,665,760	$187,666,440	$1,261,586,038	($189,237,906)

Accordingly, the annual net losses in sales tax revenue, and total tax losses are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Loss in State Sales Tax	Total Annual Loss in State Tax Revenue	Annual Net Loss in Local Sales Tax
2022 ($12)	($3,894,775.47)	($273,354.37)	($4,168,129.84)	($231,946.85)
2023 ($13)	($5,814,779.68)	($481,317.93)	($6,296,097.61)	($408,408.23)
2024 ($14)	($8,049,964.09)	($766,350.92)	($8,816,315.01)	($650,264.63)
2026 ($15)	($7,934,055.49)	($558,864.44)	($8,492,919.93)	($474,208.05)
2027 ($15)	($5,644,604.49)	($66,394.43)	($5,710,998.92)	($56,337.05)

[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

Graves Garrett LLC

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

EXHIBIT
A
exhibitsticker.com

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

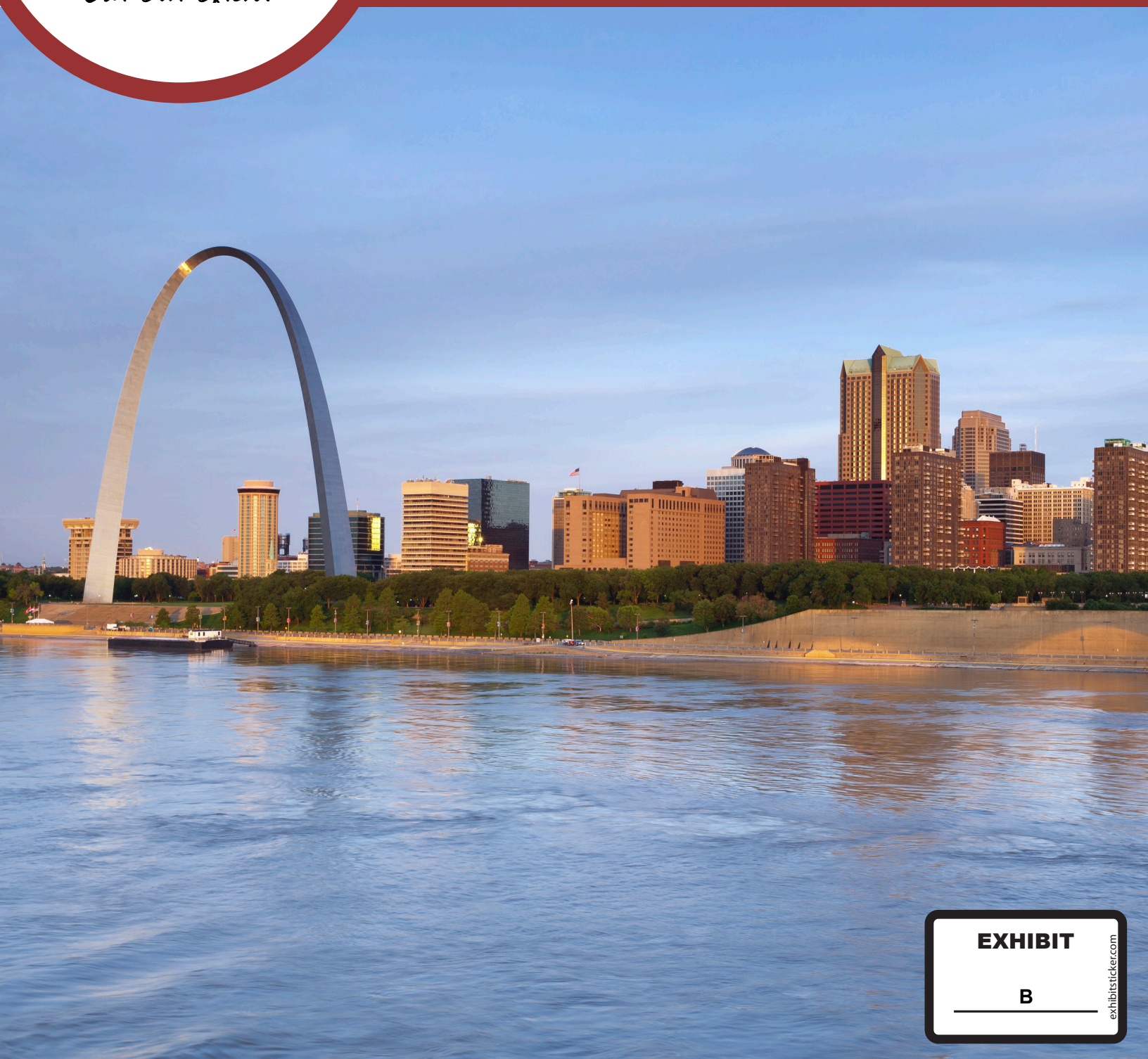
26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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Technical Appendix 7

EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University,**. **Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $4.4 million decrease to a $224 million increase depending on business decisions.

STATE AUDITOR'S OFFICE
RECEIVED
DEC 0 6 2016
RECEIVED

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 6, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 10 (2018-082)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on December 5, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
DEC 05 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next four years, until it reaches $13.00 per hour, effective January 1, 2023. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2024, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-one percent, effective January 1, 2019;
(2) fifty-three, effective January 1, 2020;
(3) fifty-five percent, effective January 1, 2021;
(4) fifty-seven percent, effective January 1, 2022;
(5) fifty-eight percent, effective January 1, 2023;
(6) sixty percent, effective January 1, 2024;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at

the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-082)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received December 6, 2016)

Date

December 22, 2016

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will defer to the Office of Administration regarding any costs associated with this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department because public employers are exempt.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated it appears Sections 290.502.4 and 290.512.3 would exclude public employers from the provisions of 290.502 subsection (3) and 290.512 subsection (2). They are a part of the definition of public employers. Therefore they assume there would be no direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. They defer to the Office of Administration - Budget and

Planning Division for a statewide response on how this petition may impact state revenues.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to this fiscal note request.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $9.00 per hour, beginning January 1, 2019 and by another $1.00 per hour each year until it reaches $13.00 per hour beginning January 1, 2023. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 51% of the minimum wage rate to tipped employees. Each year thereafter the rate increases until January 1, 2024 when tipped employees should be paid 60% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact for their office as it would be exempt from the provisions set forth in the petition.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted because cities are excluded from operation of the proposal.

Officials from the **City of Raymore** indicated there would be no direct fiscal impact on employee salaries. However there would be a potential increase cost in the capital projects. We have no way of predicting that value.

Officials from **University of Missouri** indicated we do not see an impact on the University of Missouri System.

Officials from **University of Central Missouri** indicated no fiscal impact.

Officials from **Missouri State University** indicated there will be no fiscal impact to their university for this fiscal note.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the proposed statutory amendment will have no fiscal impact on their university.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

November 24, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Proposal 1 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 2 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 3 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 4 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 5 $15 by 2027 and Tipped Minimum Wage at 100% by 2028
Proposal 6 $15 by 2027 and Tipped Minimum Wage at 60% by 2024
Proposal 7 $14 by 2024 and Tipped Minimum Wage at 100% by 2028
Proposal 8 $14 by 2024 and Tipped Minimum Wage at 60% by 2024
Proposal 9 $13 by 2023 and Tipped Minimum Wage at 100% by 2028
Proposal 10 $13 by 2023 and Tipped Minimum Wage at 60% by 2024
Proposal 11 $12 by 2022 and Tipped Minimum Wage at 100% by 2028
Proposal 12 $12 by 2022 and Tipped Minimum Wage at 60% by 2024

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Minimum Wage Initiative Petitions.

The estimated net fiscal impact for each of the twelve versions of the initiative in the final phase-in year is summarized in the right-most column of Table 2 below. The estimated net fiscal impact for each version of the initiative for 2019 and 2020 – the first two fiscal years of implementation – is summarized in Table 3 below.

Our analysis estimates the impact of each of the twelve proposed initiative petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax, with some refinements. We also address certain claims that have been made by opponents in the past.

As these proposed initiatives exclude from the minimum wage increases public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Accordingly, we do not include in our analysis any such estimates.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for the Final Year of Minimum Wage Phase-In.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW Increase	Aggregate Annual Wage Increase in Nominal Dollars
1	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
2	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
3	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
4	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
5	2027	$ 15.00	$ 14.25	1,097,200	$ 8,058,515,525
6	2027	$ 15.00	$ 9.00	1,096,645	$ 7,908,877,243
7	2024	$ 14.00	$ 11.20	1,044,718	$ 7,064,599,152
8	2024	$ 14.00	$ 8.40	1,043,118	$ 6,985,083,230
9	2023	$ 13.00	$ 9.75	949,801	$ 5,741,687,801
10	2023	$ 13.00	$ 7.54	944,495	$ 5,682,599,137
11	2022	$ 12.00	$ 8.40	867,022	$ 4,552,685,065
12	2022	$ 12.00	$ 6.84	858,952	$ 4,517,542,341

Note: Author's Analysis of American Community Survey (ACS) Data from 2014.

Across the twelve proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $4.517 billion (Proposal 12) to a high of $8.294 billion under Proposals 1 and 3. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables 1 through 12 below.

The wage impact of an increase in the Missouri minimum wage is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the State of Missouri was downloaded from the US Census Bureau. The ACS was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15% above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015)). Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

All wage earners are included in this calculation. To be consistent with past estimates, public employees should have been excluded. Employees in the public sector were included because the ACS does not have a published variable that

allows for identification of public employees. This inclusion of public employees will have a minimal impact on our results.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual inflation was to adjust wages to 2015. For all subsequent years between 2016 and 2028, baseline wages were inflated by the annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twelve proposals were analyzed. For each proposal, we constructed a baseline wage scenario which used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twelve minimum wage proposed scenarios. Since the minimum wage proposals offered six different paths for raising the minimum wage for all non-tipped private sector workers, and two different wage paths for tipped workers (for each proposal), we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings on an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighting factor for that employee in the population. The total impact for the State of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next we review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that were true, then those employment reductions would result in reductions in state income and sales tax revenue or increases in unemployment-related costs to the state.

However, as explained in greater detail below, review of the most credible recent empirical research on the minimum wage shows that increases have had no discernible impact on aggregate employment levels. Larger $15 minimum wage increases, such as those adopted recently in New York, California, Seattle and other jurisdictions, have not yet been studied to determine whether the same holds true for them. While it is possible that there may be some employment

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. Larger counties and cities will also have almost all public employees earning more than the highest proposed minimum wage. Local public employees in small counties and towns may have some public employees who earn less than the highest proposed minimum.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders', 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers.'

losses from such larger minimum wage increases as the result of increased use of automation or other factors, we offset this potential negative effect by not also calculating the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason, and because of the likely increases in wages to individuals who earn above the proposed minimum wages, the wage and tax impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A meta-study—a formal statistical study of studies—by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the bulk of the studies find that higher minimum wages have had little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results. (Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations, vol. 47, no. 2, pp. 406–28.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2) Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport. (Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522–543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84–105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139–63; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106–138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in

response to the minimum-wage rise. About 90% of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28–29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433–44; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543–69.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Note too, we conclude the same as to small businesses. In fact, the proposed increases will not affect some small businesses as the state minimum wage law exempts individuals employed by any retail or service business that has a gross volume of sales made or business done of less than $500,000 annually. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs—both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the twelve minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with slightly higher prices (which would be taxable). Studies are mixed as to whether businesses increase prices by even small amounts when the minimum wage increases.

Increase in Personal Income Tax Revenue and Sales Tax Revenue Due to Increased Wages. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax. In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The State of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that was taxable.[3] The resulting rate was 30.3%.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state and local sale tax revenue, and in state income tax revenue, resulting from the increased wages would be as follows for the final year of the minimum wage phase-in, for each of the twelve versions of the initiative:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Final Year of Full Minimum Wage Phase-In.

Proposal	Final Year of Minimum Wage Phase-In	State & Local Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
1	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
2	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
3	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
4	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
5	2027	$ 175,239,175	$ 220,400,400	$ 395,639,574
6	2027	$ 171,985,165	$ 216,307,793	$ 388,292,957
7	2024	$ 153,625,630	$ 193,216,787	$ 346,842,417
8	2024	$ 151,896,490	$ 191,042,026	$ 342,938,516
9	2023	$ 124,857,814	$ 157,035,161	$ 281,892,975
10	2023	$ 123,572,881	$ 155,419,086	$ 278,991,968
11	2022	$ 99,001,953	$ 124,515,937	$ 223,517,889
12	2022	$ 98,237,745	$ 123,554,783	$ 221,792,528

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50% of the spending on the category "apparel and services" was taxable.

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures.

As described in Table 2 above, the final fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase-out. The estimates of the total fiscal benefit range from $221 million to $407 million annually.

Section 23.140, RSMo., indicates that the fiscal note shall address the cost of the proposed legislation to the state for the first two fiscal years—which, in the case of the proposed initiatives, will be 2019 and 2020. Table 3 below summarizes our projected total sales and personal income tax revenue increases for years 2019 and 2020 for each of the twelve versions of the initiative:

Table 3. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in 2019 & 2020

Proposal	Total Sales and Personal Income Tax Revenue Increase—2019	Total Sales and Personal Income Tax Revenue Increase—2020
1	$ 60,008,101	$ 88,368,944
2	$ 59,882,683	$ 88,058,046
3	$ 93,306,606	$ 123,377,155
4	$ 93,142,857	$ 122,961,967
5	$ 91,491,028	$ 117,027,046
6	$ 91,328,763	$ 116,631,083
7	$ 91,491,028	$ 127,734,685
8	$ 91,328,763	$ 127,305,194
9	$ 91,491,028	$ 127,734,685
10	$ 91,328,763	$ 127,305,194
11	$ 91,491,028	$ 127,734,685
12	$ 91,328,763	$ 127,305,194

Complete year-by-year summaries of the fiscal benefits for all twelve versions of the proposed initiative can be found in Appendix tables 1 through 12.

Please also consider the following with reference to section 23.140, RSMo. The proposed measures will not establish a program or agency that will duplicate an existing program or agency. There is not a federal mandate for the proposed measures (although the United States Department of Labor currently supports minimum wage increases). The proposed measures will not have significant direct fiscal impact upon political subdivisions of the state because the measures exclude employees of public employers. And, the proposed measures do not require new physical facilities. We reference the economic impact of the proposed measures on small businesses in Section II above.

We hope that this information is useful to your office as you prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action

Appendix

Table A. Summary of Minimum Wage Proposals and Rates by Year, 2015-2028

	Proposal 1 & 2			Proposal 3 & 4			Proposal 5 & 6			Proposal 7 & 8			Proposal 9 & 10			Proposal 11 & 12		
	$15 by 2026			$15 by 2026			$15 by 2027			$14 by 2024			$13 by 2023			$12 by 2022		
Year	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B
2015	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2016	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2017	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88
2018	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94
2019	**$ 8.00**	$ 4.40	$ 4.08	**$ 9.05**	$ 4.98	$ 4.62	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59
2020	$ 9.00	$ 5.40	$ 4.77	$ 9.90	$ 5.94	$ 5.25	$ 9.75	$ 5.85	$ 5.17	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30
2021	$ 10.00	$ 6.50	$ 5.50	$ 10.75	$ 6.99	$ 5.91	$ 10.50	$ 6.83	$ 5.78	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05
2022	$ 11.00	$ 7.70	$ 6.27	$ 11.60	$ 8.12	$ 6.61	$ 11.25	$ 7.88	$ 6.41	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84
2023	$ 12.00	$ 9.00	$ 6.96	$ 12.45	$ 9.34	$ 7.22	$ 12.00	$ 9.00	$ 6.96	$ 13.00	$ 9.75	$ 7.54	$ 13.00	$ 9.75	$ 7.54	$ 12.00	$ 9.00	$ 6.96
2024	$ 13.00	$ 10.40	$ 7.80	$ 13.30	$ 10.64	$ 7.98	$ 12.75	$ 10.20	$ 7.65	$ 14.00	$ 11.20	$ 8.40	$ 13.00	$ 10.40	$ 7.80	$ 12.00	$ 9.60	$ 7.20
2025	$ 14.00	$ 11.90	$ 8.40	$ 14.15	$ 12.03	$ 8.49	$ 13.50	$ 11.48	$ 8.10	$ 14.00	$ 11.90	$ 8.40	$ 13.00	$ 11.05	$ 7.80	$ 12.00	$ 10.20	$ 7.20
2026	$ 15.00	$ 13.50	$ 9.00	$ 15.00	$ 13.50	$ 9.00	$ 14.25	$ 12.83	$ 8.55	$ 14.00	$ 12.60	$ 8.40	$ 13.00	$ 11.70	$ 7.80	$ 12.00	$ 10.80	$ 7.20
2027	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 14.00	$ 13.30	$ 8.40	$ 13.00	$ 12.35	$ 7.80	$ 12.00	$ 11.40	$ 7.20
2028	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 14.00	$ 14.00	$ 8.40	$ 13.00	$ 13.00	$ 7.80	$ 12.00	$ 12.00	$ 7.20

Note: Assumed minimum wage rates under existing law between 2015 and 2018 listed in grey shading. 2017 and 2018 MW rates assumed to increase according to annual average increase in the CPI-U for the Midwest Region between 2010-2016.

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposal 1.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.40	2,864,237	421,788	14.7%	$ 1,222,264,515	$ 15,651,147	$ 10,928,020	$ 26,579,166	$ 33,428,934	$ 60,008,101
2020	$ 9.00	$ 5.40	2,881,586	530,380	18.4%	$ 1,799,927,399	$ 23,048,143	$ 16,092,787	$ 39,140,930	$ 49,228,014	$ 88,368,944
2021	$ 10.00	$ 6.50	2,899,041	631,957	21.8%	$ 2,517,558,520	$ 32,237,439	$ 22,508,981	$ 54,746,420	$ 68,855,226	$ 123,601,646
2022	$ 11.00	$ 7.70	2,916,602	745,172	25.5%	$ 3,377,968,920	$ 43,255,029	$ 30,201,736	$ 73,456,766	$ 92,387,450	$ 165,844,216
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	37.2%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposal 2.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.08	2,864,237	420,743	14.7%	$ 1,219,709,970	$ 15,618,436	$ 10,905,180	$ 26,523,616	$ 33,359,068	$ 59,882,683
2020	$ 9.00	$ 4.77	2,881,586	528,273	18.3%	$ 1,793,594,927	$ 22,967,056	$ 16,036,169	$ 39,003,225	$ 49,054,821	$ 88,058,046
2021	$ 10.00	$ 5.50	2,899,041	627,965	21.7%	$ 2,503,864,976	$ 32,062,093	$ 22,386,550	$ 54,448,643	$ 68,480,707	$ 122,929,350
2022	$ 11.00	$ 6.27	2,916,602	738,066	25.3%	$ 3,351,722,654	$ 42,918,945	$ 29,967,074	$ 72,886,019	$ 91,669,615	$ 164,555,633
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposal 3.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.98	2,864,237	548,462	19.1%	$ 1,900,499,300	$ 24,335,971	$ 16,991,980	$ 41,327,950	$ 51,978,656	$ 93,306,606
2020	$ 9.90	$ 5.94	2,881,586	636,153	22.1%	$ 2,512,986,014	$ 32,178,888	$ 22,468,099	$ 54,646,987	$ 68,730,167	$ 123,377,155
2021	$ 10.75	$ 6.99	2,899,041	729,185	25.2%	$ 3,223,130,691	$ 41,272,319	$ 28,817,359	$ 70,089,679	$ 88,152,624	$ 158,242,303
2022	$ 11.60	$ 8.12	2,916,602	824,162	28.3%	$ 4,059,707,011	$ 51,984,713	$ 36,297,019	$ 88,281,732	$ 111,032,987	$ 199,314,719
2023	$ 12.45	$ 9.34	2,934,269	893,537	30.5%	$ 4,990,737,937	$ 63,906,602	$ 44,621,178	$ 108,527,780	$ 136,496,683	$ 245,024,462
2024	$ 13.30	$ 10.64	2,952,043	959,658	32.5%	$ 6,000,441,052	$ 76,835,891	$ 53,648,729	$ 130,484,620	$ 164,112,063	$ 294,596,683
2025	$ 14.15	$ 12.03	2,969,924	1,040,572	35.0%	$ 7,099,877,251	$ 90,914,217	$ 63,478,565	$ 154,392,782	$ 194,181,643	$ 348,574,425
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposal 4.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.62	2,864,237	547,296	19.1%	$ 1,897,164,012	$ 24,293,262	$ 16,962,159	$ 41,255,422	$ 51,887,436	$ 93,142,857
2020	$ 9.90	$ 5.25	2,881,586	633,553	22.0%	$ 2,504,529,330	$ 32,070,600	$ 22,392,490	$ 54,463,090	$ 68,498,877	$ 122,961,967
2021	$ 10.75	$ 5.91	2,899,041	724,839	25.0%	$ 3,206,008,487	$ 41,053,069	$ 28,664,273	$ 69,717,342	$ 87,684,332	$ 157,401,674
2022	$ 11.60	$ 6.61	2,916,602	816,188	28.0%	$ 4,028,411,748	$ 51,583,976	$ 36,017,214	$ 87,601,190	$ 110,177,061	$ 197,778,251
2023	$ 12.45	$ 7.22	2,934,269	886,538	30.2%	$ 4,936,926,743	$ 63,217,547	$ 44,140,063	$ 107,357,610	$ 135,024,946	$ 242,382,557
2024	$ 13.30	$ 7.98	2,952,043	955,827	32.4%	$ 5,926,500,505	$ 75,889,080	$ 52,987,641	$ 128,876,721	$ 162,089,789	$ 290,966,510
2025	$ 14.15	$ 8.49	2,969,924	1,038,903	35.0%	$ 6,999,334,098	$ 89,626,757	$ 62,579,629	$ 152,206,387	$ 191,431,788	$ 343,638,174
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 5.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 9.75	$ 5.85	2,881,586	616,817	21.4%	$ 2,383,644,943	$ 30,522,670	$ 21,311,687	$ 51,834,357	$ 65,192,689	$ 117,027,046
2021	$ 10.50	$ 6.83	2,899,041	689,691	23.8%	$ 2,975,549,883	$ 38,102,037	$ 26,603,789	$ 64,705,826	$ 81,381,289	$ 146,087,116
2022	$ 11.25	$ 7.88	2,916,602	784,685	26.9%	$ 3,651,492,961	$ 46,757,516	$ 32,647,259	$ 79,404,775	$ 99,868,332	$ 179,273,108
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.75	$ 10.20	2,952,043	904,578	30.6%	$ 5,237,058,923	$ 67,060,752	$ 46,823,484	$ 113,884,236	$ 143,233,562	$ 257,117,798
2025	$ 13.50	$ 11.48	2,969,924	959,850	32.3%	$ 6,114,487,630	$ 78,296,262	$ 54,668,396	$ 132,964,659	$ 167,231,237	$ 300,195,895
2026	$ 14.25	$ 12.83	2,987,914	1,026,895	34.4%	$ 7,054,339,607	$ 90,331,105	$ 63,071,423	$ 153,402,528	$ 192,936,188	$ 346,338,716
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 6.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 9.75	$ 5.17	2,881,586	614,272	21.3%	$ 2,375,579,835	$ 30,419,396	$ 21,239,578	$ 51,658,975	$ 64,972,108	$ 116,631,083
2021	$ 10.50	$ 5.78	2,899,041	684,908	23.6%	$ 2,959,643,079	$ 37,898,350	$ 26,461,570	$ 64,359,920	$ 80,946,238	$ 145,306,158
2022	$ 11.25	$ 6.41	2,916,602	777,265	26.6%	$ 3,623,087,338	$ 46,393,781	$ 32,393,291	$ 78,787,071	$ 99,091,439	$ 177,878,510
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.75	$ 7.65	2,952,043	899,272	30.5%	$ 5,168,339,574	$ 66,180,798	$ 46,209,078	$ 112,389,876	$ 141,354,087	$ 253,743,963
2025	$ 13.50	$ 8.10	2,969,924	956,019	32.2%	$ 6,020,031,489	$ 77,086,748	$ 53,823,883	$ 130,910,631	$ 164,647,861	$ 295,558,492
2026	$ 14.25	$ 8.55	2,987,914	1,024,719	34.3%	$ 6,932,879,471	$ 88,775,803	$ 61,985,472	$ 150,761,275	$ 189,614,254	$ 340,375,529
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 7.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 14.00	$ 11.20	2,952,043	1,044,718	35.4%	$ 7,064,599,152	$ 90,462,479	$ 63,163,151	$ 153,625,630	$ 193,216,787	$ 346,842,417
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 14.00	$ 12.60	2,987,914	997,728	33.4%	$ 6,669,196,152	$ 85,399,328	$ 59,627,933	$ 145,027,260	$ 182,402,515	$ 327,429,775
2027	$ 14.00	$ 13.30	3,006,013	971,739	32.3%	$ 6,480,542,208	$ 82,983,606	$ 57,941,216	$ 140,924,822	$ 177,242,829	$ 318,167,652
2028	$ 14.00	$ 14.00	3,024,222	950,955	31.4%	$ 6,298,798,887	$ 80,656,376	$ 56,316,286	$ 136,972,661	$ 172,272,150	$ 309,244,811

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 8.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 14.00	$ 8.40	2,952,043	1,043,118	35.3%	$ 6,985,083,230	$ 89,444,274	$ 62,452,215	$ 151,896,490	$ 191,042,026	$ 342,938,516
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 14.00	$ 8.40	2,987,914	994,829	33.3%	$ 6,550,573,334	$ 83,880,358	$ 58,567,350	$ 142,447,708	$ 179,158,181	$ 321,605,889
2027	$ 14.00	$ 8.40	3,006,013	968,537	32.2%	$ 6,342,493,856	$ 81,215,891	$ 56,706,954	$ 137,922,845	$ 173,467,207	$ 311,390,052
2028	$ 14.00	$ 8.40	3,024,222	947,055	31.3%	$ 6,141,467,687	$ 78,641,743	$ 54,909,619	$ 133,551,363	$ 167,969,141	$ 301,520,504

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 9.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 13.00	$ 11.05	2,969,924	909,631	30.6%	$ 5,416,478,901	$ 69,358,232	$ 48,427,641	$ 117,785,874	$ 148,140,698	$ 265,926,572
2026	$ 13.00	$ 11.70	2,987,914	893,063	29.9%	$ 5,260,207,202	$ 67,357,167	$ 47,030,448	$ 114,387,615	$ 143,866,667	$ 258,254,282
2027	$ 13.00	$ 12.35	3,006,013	876,584	29.2%	$ 5,106,957,524	$ 65,394,799	$ 45,660,274	$ 111,055,072	$ 139,675,288	$ 250,730,360
2028	$ 13.00	$ 13.00	3,024,222	857,479	28.4%	$ 4,956,685,598	$ 63,470,560	$ 44,316,723	$ 107,787,283	$ 135,565,351	$ 243,352,634

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 10.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 13.00	$ 7.80	2,969,924	904,418	30.5%	$ 5,327,596,215	$ 68,220,086	$ 47,632,959	$ 115,853,045	$ 145,709,756	$ 261,562,802
2026	$ 13.00	$ 7.80	2,987,914	887,266	29.7%	$ 5,153,689,112	$ 65,993,198	$ 46,078,091	$ 112,071,290	$ 140,953,397	$ 253,024,687
2027	$ 13.00	$ 7.80	3,006,013	870,278	29.0%	$ 4,982,946,968	$ 63,806,838	$ 44,551,520	$ 108,358,359	$ 136,283,600	$ 244,641,958
2028	$ 13.00	$ 7.80	3,024,222	850,799	28.1%	$ 4,815,248,660	$ 61,659,455	$ 43,052,164	$ 104,711,618	$ 131,697,051	$ 236,408,669

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 11.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.00	$ 9.60	2,952,043	831,622	28.2%	$ 4,281,776,630	$ 54,828,324	$ 38,282,498	$ 93,110,822	$ 117,106,591	$ 210,217,413
2025	$ 12.00	$ 10.20	2,969,924	813,271	27.4%	$ 4,150,695,234	$ 53,149,821	$ 37,110,526	$ 90,260,347	$ 113,521,515	$ 203,781,862
2026	$ 12.00	$ 10.80	2,987,914	799,427	26.8%	$ 4,022,314,218	$ 51,505,897	$ 35,962,697	$ 87,468,594	$ 110,010,294	$ 197,478,888
2027	$ 12.00	$ 11.40	3,006,013	772,796	25.7%	$ 3,898,371,841	$ 49,918,810	$ 34,854,554	$ 84,773,363	$ 106,620,470	$ 191,393,833
2028	$ 12.00	$ 12.00	3,024,222	748,806	24.8%	$ 3,780,440,095	$ 48,408,689	$ 33,800,150	$ 82,208,839	$ 103,395,037	$ 185,603,875

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 12.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.00	$ 7.20	2,952,043	824,019	27.9%	$ 4,221,332,779	$ 54,054,338	$ 37,742,082	$ 91,796,420	$ 115,453,451	$ 207,249,871
2025	$ 12.00	$ 7.20	2,969,924	805,089	27.1%	$ 4,074,348,740	$ 52,172,201	$ 36,427,927	$ 88,600,128	$ 111,433,438	$ 200,033,567
2026	$ 12.00	$ 7.20	2,987,914	790,442	26.5%	$ 3,930,187,607	$ 50,326,212	$ 35,139,012	$ 85,465,224	$ 107,490,631	$ 192,955,855
2027	$ 12.00	$ 7.20	3,006,013	763,507	25.4%	$ 3,790,569,472	$ 48,538,396	$ 33,890,714	$ 82,429,110	$ 103,672,075	$ 186,101,185
2028	$ 12.00	$ 7.20	3,024,222	739,084	24.4%	$ 3,657,027,733	$ 46,828,389	$ 32,696,745	$ 79,525,133	$ 100,019,709	$ 179,544,842

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

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December 14, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-073 through 2018-084

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-073 through 2018-084 (the "Initiative Petitions"). If passed, any of these twelve initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a near doubling of the minimum wage to $15—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second

effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 68.54% (($15-$8.90)/$8.90) in Initiative Petitions 2018-073 through 2018-076 to a wage increase of 42.01% (($15-$8.45)/$8.45) in Initiative Petitions 2018-083 through 2018-084.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than

private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, as well as in Dr. Macpherson's 2014 report, attached hereto as **Exhibit A and Exhibit B**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that the initiative is "likely to result in significant costs to state and local governmental entities" through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307

2009	210.526	-0.0267124
2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05
2027	$9.20

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk

calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it anticipates a state level change to $15.00. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2022	$8.45	$12.00	42.01%	28.44%	225,876	64,244
2023	$8.60	$13.00	51.16%	34.64%	275,076	95,279
2024	$8.75	$14.00	60.00%	40.62%	322,589	131,036
2026	$9.05	$15.00	65.75%	44.51%	353,481	157,334
2027	$9.20	$15.00	63.04%	42.68%	338,952	144,666

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer

payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.30 per week,

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. The expected unemployment weekly benefit amount of a worker making $13.99 an hour is $290.99 per week. The expected unemployment weekly benefit amount of a worker making $14.99 an hour is $311.79 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-073 through 2018-078, [($159.30+$311.79)/2]*20 = $4,710.90
- For Initiative Petitions 2018-079 through 2018-080, [($159.30+$290.99)/2]*20 = $4,502.90
- For Initiative Petitions 2018-081 through 2018-082, [($159.30+$270.19)/2]*20 = $4,294.90
- For Initiative Petitions 2018-083 through 2018-084, [($159.30+$249.39)/2]*20 = $4,086.90

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Benefits Paid	Average Cost of Annual Unemployment Benefits Paid by State
2022 ($12)	64,244	$4,086.90	$91,895,081.93	$22,973,770.48
2023 ($13)	95,279	$4,294.90	$143,224,223.60	$28,644,844.72

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2024 ($14)	131,036	$4,502.90	$206,514,130.35	$34,419,021.73
2026 ($15)	157,334	$4,710.90	$259,415,324.82	$32,426,915.60
2027 ($15)	144,666	$4,710.90	$238,527,470.79	$26,503,052.31

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2022 ($12)	225,876	64,244	161,632	$596,746,272.84	$237,187,559.20
2023 ($13)	275,076	95,279	179,797	$822,752,260.32	$336,905,136.41
2024 ($14)	322,589	131,036	191,553	$1,045,881,167.64	$442,900,455.01
2026 ($15)	353,481	157,334	196,147	$1,213,758,000.24	$482,701,950.51
2027 ($15)	338,952	144,666	194,286	$1,171,933,152.00	$421,267,392.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be

less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$359,558,713.64	$10,786,761.41	$16,180,142.11
$485,847,123.91	$14,575,413.72	$21,863,120.58
$602,980,712.63	$18,089,421.38	$27,134,132.07
$731,056,049.73	$21,931,681.49	$32,897,522.24
$750,665,760.00	$22,519,972.80	$33,779,959.20

Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage in Final Year of Increase	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2022 ($12)	$642,397,362.71	$40,149,835.17	$20,074,917.58
2023 ($13)	$885,692,808.24	$55,355,800.51	$27,677,900.26
2024 ($14)	$1,125,891,076.96	$70,368,192.31	$35,184,096.16
2026 ($15)	$1,306,610,487.26	$81,663,155.45	$40,831,577.73
2027 ($15)	$1,261,586,038.13	$78,849,127.38	$39,424,563.69

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2022 ($12)	($3,894,775.47)
2023 ($13)	($5,814,779.68)
2024 ($14)	($8,049,964.09)
2026 ($15)	($7,934,055.49)
2027 ($15)	($5,644,604.49)

4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.

calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2022 ($12)	$359,558,714	$89,889,678	$642,397,363	($96,359,604)
2023 ($13)	$485,847,124	$121,461,781	$885,692,808	($132,853,921)
2024 ($14)	$602,980,713	$150,745,178	$1,125,891,077	($168,883,662)
2025 ($15)	$731,056,050	$182,764,012	$1,306,610,487	($195,991,573)
2026 ($15)	$750,665,760	$187,666,440	$1,261,586,038	($189,237,906)

Accordingly, the annual net losses in sales tax revenue, and total tax losses are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Loss in State Sales Tax	Total Annual Loss in State Tax Revenue	Annual Net Loss in Local Sales Tax
2022 ($12)	($3,894,775.47)	($273,354.37)	($4,168,129.84)	($231,946.85)
2023 ($13)	($5,814,779.68)	($481,317.93)	($6,296,097.61)	($408,408.23)
2024 ($14)	($8,049,964.09)	($766,350.92)	($8,816,315.01)	($650,264.63)
2026 ($15)	($7,934,055.49)	($558,864.44)	($8,492,919.93)	($474,208.05)
2027 ($15)	($5,644,604.49)	($66,394.43)	($5,710,998.92)	($56,337.05)

[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

Graves Garrett LLC

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

EXHIBIT
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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

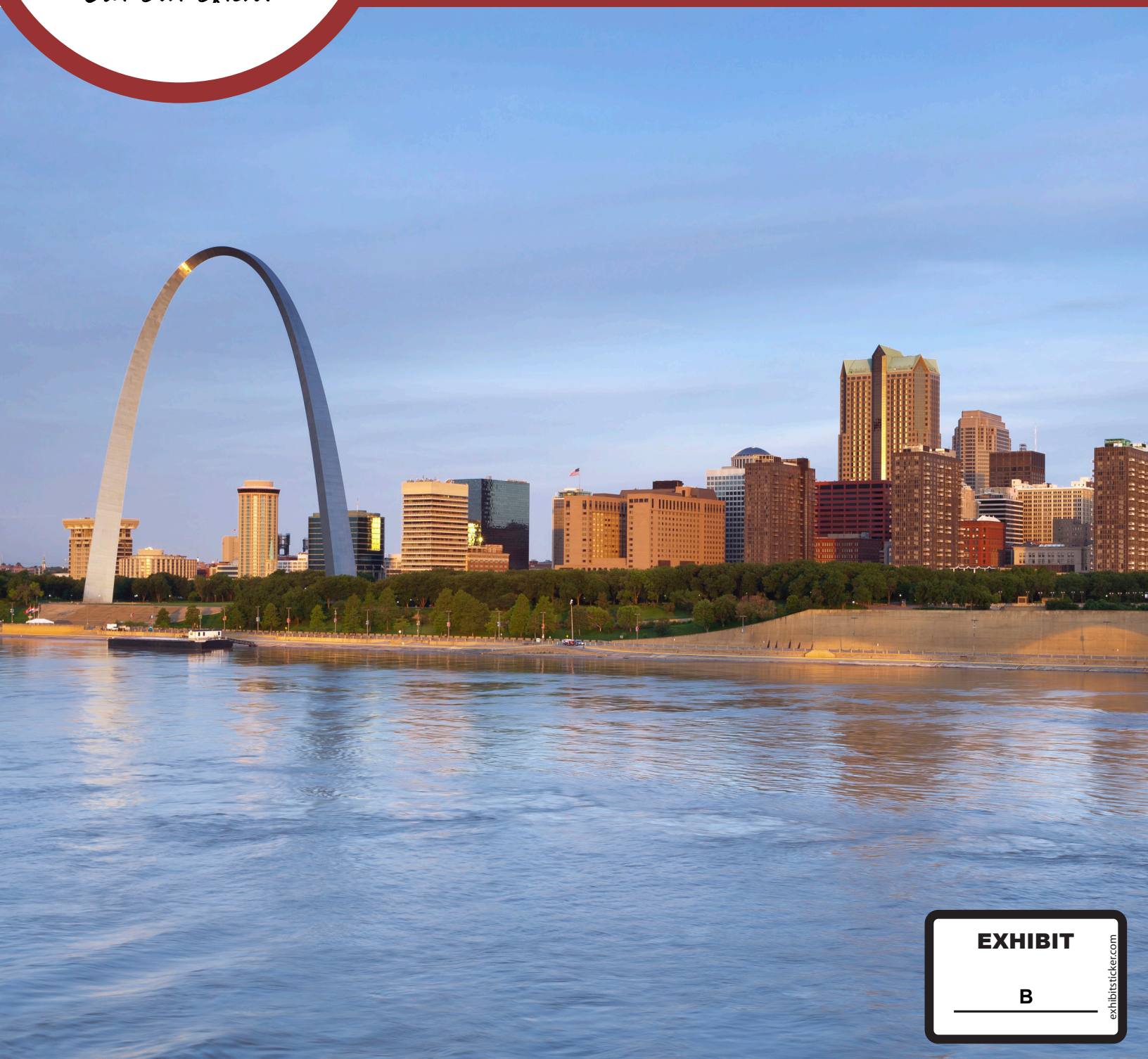
26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
Eat Out Often!

TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University,**. **Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $6.7 million decrease to a $279 million increase depending on business decisions.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

STATE AUDITOR'S OFFICE
RECEIVED
DEC 06 2016

December 6, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 9 (2018-081)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on December 5, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
DEC 05 2016
MO. SECRETARY OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next four years, until it reaches $13.00 per hour, effective January 1, 2023. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2024, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-five percent, effective January 1, 2019;
(2) sixty percent, effective January 1, 2020;
(3) sixty-five percent, effective January 1, 2021;
(4) seventy percent, effective January 1, 2022;
(5) seventy-five percent, effective January 1, 2023;
(6) eighty percent, effective January 1, 2024;
(7) eighty-five percent, effective January 1, 2025;
(8) ninety percent, effective January 1, 2026;
(9) ninety-five percent; effective January 1, 2027;
(10) one hundred percent, effective January 1, 2028;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-081)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received December 6, 2016)

Date

December 22, 2016

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will defer to the Office of Administration regarding any costs associated with this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department because public employers are exempt.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated it appears Sections 290.502.4 and 290.512.3 would exclude public employers from the provisions of 290.502 subsection (3) and 290.512 subsection (2). They are a part of the definition of public employers. Therefore they assume there would be no direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. They defer to the Office of Administration - Budget and

Planning Division for a statewide response on how this petition may impact state revenues.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to this fiscal note request.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $9.00 per hour, beginning January 1, 2019 and by another $1.00 per hour each year until it reaches $13.00 per hour beginning January 1, 2023. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 55% of the minimum wage rate to tipped employees. Each year thereafter the rate increases by five percent until January 1, 2028 when tipped employees should be paid 100% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact for their office as it would be exempt from the provisions set forth in the petition.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted because cities are excluded from operation of the proposal.

Officials from the **City of Raymore** indicated there would be no direct fiscal impact on employee salaries. However there would be a potential increase cost in the capital projects. We have no way of predicting that value.

Officials from **University of Missouri** indicated we do not see an impact on the University of Missouri System.

Officials from **University of Central Missouri** indicated no fiscal impact.

Officials from **Missouri State University** indicated there will be no fiscal impact to their university for this fiscal note.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the proposed statutory amendment will have no fiscal impact on their university.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

November 24, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Proposal 1 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 2 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 3 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 4 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 5 $15 by 2027 and Tipped Minimum Wage at 100% by 2028
Proposal 6 $15 by 2027 and Tipped Minimum Wage at 60% by 2024
Proposal 7 $14 by 2024 and Tipped Minimum Wage at 100% by 2028
Proposal 8 $14 by 2024 and Tipped Minimum Wage at 60% by 2024
Proposal 9 $13 by 2023 and Tipped Minimum Wage at 100% by 2028
Proposal 10 $13 by 2023 and Tipped Minimum Wage at 60% by 2024
Proposal 11 $12 by 2022 and Tipped Minimum Wage at 100% by 2028
Proposal 12 $12 by 2022 and Tipped Minimum Wage at 60% by 2024

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Minimum Wage Initiative Petitions.

The estimated net fiscal impact for each of the twelve versions of the initiative in the final phase-in year is summarized in the right-most column of Table 2 below. The estimated net fiscal impact for each version of the initiative for 2019 and 2020 – the first two fiscal years of implementation – is summarized in Table 3 below.

Our analysis estimates the impact of each of the twelve proposed initiative petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax, with some refinements. We also address certain claims that have been made by opponents in the past.

As these proposed initiatives exclude from the minimum wage increases public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Accordingly, we do not include in our analysis any such estimates.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for the Final Year of Minimum Wage Phase-In.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW Increase	Aggregate Annual Wage Increase in Nominal Dollars
1	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
2	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
3	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
4	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
5	2027	$ 15.00	$ 14.25	1,097,200	$ 8,058,515,525
6	2027	$ 15.00	$ 9.00	1,096,645	$ 7,908,877,243
7	2024	$ 14.00	$ 11.20	1,044,718	$ 7,064,599,152
8	2024	$ 14.00	$ 8.40	1,043,118	$ 6,985,083,230
9	2023	$ 13.00	$ 9.75	949,801	$ 5,741,687,801
10	2023	$ 13.00	$ 7.54	944,495	$ 5,682,599,137
11	2022	$ 12.00	$ 8.40	867,022	$ 4,552,685,065
12	2022	$ 12.00	$ 6.84	858,952	$ 4,517,542,341

Note: Author's Analysis of American Community Survey (ACS) Data from 2014.

Across the twelve proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $4.517 billion (Proposal 12) to a high of $8.294 billion under Proposals 1 and 3. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables 1 through 12 below.

The wage impact of an increase in the Missouri minimum wage is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the State of Missouri was downloaded from the US Census Bureau. The ACS was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15% above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015)). Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

All wage earners are included in this calculation. To be consistent with past estimates, public employees should have been excluded. Employees in the public sector were included because the ACS does not have a published variable that

allows for identification of public employees. This inclusion of public employees will have a minimal impact on our results.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual inflation was to adjust wages to 2015. For all subsequent years between 2016 and 2028, baseline wages were inflated by the annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twelve proposals were analyzed. For each proposal, we constructed a baseline wage scenario which used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twelve minimum wage proposed scenarios. Since the minimum wage proposals offered six different paths for raising the minimum wage for all non-tipped private sector workers, and two different wage paths for tipped workers (for each proposal), we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings on an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighting factor for that employee in the population. The total impact for the State of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next we review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that were true, then those employment reductions would result in reductions in state income and sales tax revenue or increases in unemployment-related costs to the state.

However, as explained in greater detail below, review of the most credible recent empirical research on the minimum wage shows that increases have had no discernible impact on aggregate employment levels. Larger $15 minimum wage increases, such as those adopted recently in New York, California, Seattle and other jurisdictions, have not yet been studied to determine whether the same holds true for them. While it is possible that there may be some employment

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. Larger counties and cities will also have almost all public employees earning more than the highest proposed minimum wage. Local public employees in small counties and towns may have some public employees who earn less than the highest proposed minimum.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders', 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers.'

losses from such larger minimum wage increases as the result of increased use of automation or other factors, we offset this potential negative effect by not also calculating the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason, and because of the likely increases in wages to individuals who earn above the proposed minimum wages, the wage and tax impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A meta-study—a formal statistical study of studies—by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the bulk of the studies find that higher minimum wages have had little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results. (Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations, vol. 47, no. 2, pp. 406–28.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2) Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport. (Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522–543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84–105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139–63; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106–138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in

response to the minimum-wage rise. About 90% of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28–29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433–44; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543–69.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Note too, we conclude the same as to small businesses. In fact, the proposed increases will not affect some small businesses as the state minimum wage law exempts individuals employed by any retail or service business that has a gross volume of sales made or business done of less than $500,000 annually. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs—both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the twelve minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with slightly higher prices (which would be taxable). Studies are mixed as to whether businesses increase prices by even small amounts when the minimum wage increases.

Increase in Personal Income Tax Revenue and Sales Tax Revenue Due to Increased Wages. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax. In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The State of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that was taxable.[3] The resulting rate was 30.3%.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state and local sale tax revenue, and in state income tax revenue, resulting from the increased wages would be as follows for the final year of the minimum wage phase-in, for each of the twelve versions of the initiative:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Final Year of Full Minimum Wage Phase-In.

Proposal	Final Year of Minimum Wage Phase-In	State & Local Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
1	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
2	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
3	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
4	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
5	2027	$ 175,239,175	$ 220,400,400	$ 395,639,574
6	2027	$ 171,985,165	$ 216,307,793	$ 388,292,957
7	2024	$ 153,625,630	$ 193,216,787	$ 346,842,417
8	2024	$ 151,896,490	$ 191,042,026	$ 342,938,516
9	2023	$ 124,857,814	$ 157,035,161	$ 281,892,975
10	2023	$ 123,572,881	$ 155,419,086	$ 278,991,968
11	2022	$ 99,001,953	$ 124,515,937	$ 223,517,889
12	2022	$ 98,237,745	$ 123,554,783	$ 221,792,528

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50% of the spending on the category "apparel and services" was taxable.

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures.

As described in Table 2 above, the final fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase-out. The estimates of the total fiscal benefit range from $221 million to $407 million annually.

Section 23.140, RSMo., indicates that the fiscal note shall address the cost of the proposed legislation to the state for the first two fiscal years—which, in the case of the proposed initiatives, will be 2019 and 2020. Table 3 below summarizes our projected total sales and personal income tax revenue increases for years 2019 and 2020 for each of the twelve versions of the initiative:

Table 3. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in 2019 & 2020

Proposal	Total Sales and Personal Income Tax Revenue Increase—2019	Total Sales and Personal Income Tax Revenue Increase—2020
1	$ 60,008,101	$ 88,368,944
2	$ 59,882,683	$ 88,058,046
3	$ 93,306,606	$ 123,377,155
4	$ 93,142,857	$ 122,961,967
5	$ 91,491,028	$ 117,027,046
6	$ 91,328,763	$ 116,631,083
7	$ 91,491,028	$ 127,734,685
8	$ 91,328,763	$ 127,305,194
9	$ 91,491,028	$ 127,734,685
10	$ 91,328,763	$ 127,305,194
11	$ 91,491,028	$ 127,734,685
12	$ 91,328,763	$ 127,305,194

Complete year-by-year summaries of the fiscal benefits for all twelve versions of the proposed initiative can be found in Appendix tables 1 through 12.

Please also consider the following with reference to section 23.140, RSMo. The proposed measures will not establish a program or agency that will duplicate an existing program or agency. There is not a federal mandate for the proposed measures (although the United States Department of Labor currently supports minimum wage increases). The proposed measures will not have significant direct fiscal impact upon political subdivisions of the state because the measures exclude employees of public employers. And, the proposed measures do not require new physical facilities. We reference the economic impact of the proposed measures on small businesses in Section II above.

We hope that this information is useful to your office as you prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action

Appendix

Table A. Summary of Minimum Wage Proposals and Rates by Year, 2015-2028

	Proposal 1 & 2			Proposal 3 & 4			Proposal 5 & 6			Proposal 7 & 8			Proposal 9 & 10			Proposal 11 & 12		
	$15 by 2026			$15 by 2026			$15 by 2027			$14 by 2024			$13 by 2023			$12 by 2022		
Year	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B
2015	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2016	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2017	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88
2018	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94
2019	**$ 8.00**	$ 4.40	$ 4.08	**$ 9.05**	$ 4.98	$ 4.62	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59
2020	$ 9.00	$ 5.40	$ 4.77	$ 9.90	$ 5.94	$ 5.25	$ 9.75	$ 5.85	$ 5.17	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30
2021	$ 10.00	$ 6.50	$ 5.50	$ 10.75	$ 6.99	$ 5.91	$ 10.50	$ 6.83	$ 5.78	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05
2022	$ 11.00	$ 7.70	$ 6.27	$ 11.60	$ 8.12	$ 6.61	$ 11.25	$ 7.88	$ 6.41	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84
2023	$ 12.00	$ 9.00	$ 6.96	$ 12.45	$ 9.34	$ 7.22	$ 12.00	$ 9.00	$ 6.96	$ 13.00	$ 9.75	$ 7.54	$ 13.00	$ 9.75	$ 7.54	$ 12.00	$ 9.00	$ 6.96
2024	$ 13.00	$ 10.40	$ 7.80	$ 13.30	$ 10.64	$ 7.98	$ 12.75	$ 10.20	$ 7.65	$ 14.00	$ 11.20	$ 8.40	$ 13.00	$ 10.40	$ 7.80	$ 12.00	$ 9.60	$ 7.20
2025	$ 14.00	$ 11.90	$ 8.40	$ 14.15	$ 12.03	$ 8.49	$ 13.50	$ 11.48	$ 8.10	$ 14.00	$ 11.90	$ 8.40	$ 13.00	$ 11.05	$ 7.80	$ 12.00	$ 10.20	$ 7.20
2026	$ 15.00	$ 13.50	$ 9.00	$ 15.00	$ 13.50	$ 9.00	$ 14.25	$ 12.83	$ 8.55	$ 14.00	$ 12.60	$ 8.40	$ 13.00	$ 11.70	$ 7.80	$ 12.00	$ 10.80	$ 7.20
2027	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 14.00	$ 13.30	$ 8.40	$ 13.00	$ 12.35	$ 7.80	$ 12.00	$ 11.40	$ 7.20
2028	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 14.00	$ 14.00	$ 8.40	$ 13.00	$ 13.00	$ 7.80	$ 12.00	$ 12.00	$ 7.20

Note: Assumed minimum wage rates under existing law between 2015 and 2018 listed in grey shading. 2017 and 2018 MW rates assumed to increase according to annual average increase in the CPI-U for the Midwest Region between 2010-2016.

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposal 1.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.40	2,864,237	421,788	14.7%	$ 1,222,264,515	$ 15,651,147	$ 10,928,020	$ 26,579,166	$ 33,428,934	$ 60,008,101
2020	$ 9.00	$ 5.40	2,881,586	530,380	18.4%	$ 1,799,927,399	$ 23,048,143	$ 16,092,787	$ 39,140,930	$ 49,228,014	$ 88,368,944
2021	$ 10.00	$ 6.50	2,899,041	631,957	21.8%	$ 2,517,558,520	$ 32,237,439	$ 22,508,981	$ 54,746,420	$ 68,855,226	$ 123,601,646
2022	$ 11.00	$ 7.70	2,916,602	745,172	25.5%	$ 3,377,968,920	$ 43,255,029	$ 30,201,736	$ 73,456,766	$ 92,387,450	$ 165,844,216
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	37.2%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposal 2.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.08	2,864,237	420,743	14.7%	$ 1,219,709,970	$ 15,618,436	$ 10,905,180	$ 26,523,616	$ 33,359,068	$ 59,882,683
2020	$ 9.00	$ 4.77	2,881,586	528,273	18.3%	$ 1,793,594,927	$ 22,967,056	$ 16,036,169	$ 39,003,225	$ 49,054,821	$ 88,058,046
2021	$ 10.00	$ 5.50	2,899,041	627,965	21.7%	$ 2,503,864,976	$ 32,062,093	$ 22,386,550	$ 54,448,643	$ 68,480,707	$ 122,929,350
2022	$ 11.00	$ 6.27	2,916,602	738,066	25.3%	$ 3,351,722,654	$ 42,918,945	$ 29,967,074	$ 72,886,019	$ 91,669,615	$ 164,555,633
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposal 3.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.98	2,864,237	548,462	19.1%	$ 1,900,499,300	$ 24,335,971	$ 16,991,980	$ 41,327,950	$ 51,978,656	$ 93,306,606
2020	$ 9.90	$ 5.94	2,881,586	636,153	22.1%	$ 2,512,986,014	$ 32,178,888	$ 22,468,099	$ 54,646,987	$ 68,730,167	$ 123,377,155
2021	$ 10.75	$ 6.99	2,899,041	729,185	25.2%	$ 3,223,130,691	$ 41,272,319	$ 28,817,359	$ 70,089,679	$ 88,152,624	$ 158,242,303
2022	$ 11.60	$ 8.12	2,916,602	824,162	28.3%	$ 4,059,707,011	$ 51,984,713	$ 36,297,019	$ 88,281,732	$ 111,032,987	$ 199,314,719
2023	$ 12.45	$ 9.34	2,934,269	893,537	30.5%	$ 4,990,737,937	$ 63,906,602	$ 44,621,178	$ 108,527,780	$ 136,496,683	$ 245,024,462
2024	$ 13.30	$ 10.64	2,952,043	959,658	32.5%	$ 6,000,441,052	$ 76,835,891	$ 53,648,729	$ 130,484,620	$ 164,112,063	$ 294,596,683
2025	$ 14.15	$ 12.03	2,969,924	1,040,572	35.0%	$ 7,099,877,251	$ 90,914,217	$ 63,478,565	$ 154,392,782	$ 194,181,643	$ 348,574,425
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposal 4.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.62	2,864,237	547,296	19.1%	$ 1,897,164,012	$ 24,293,262	$ 16,962,159	$ 41,255,422	$ 51,887,436	$ 93,142,857
2020	$ 9.90	$ 5.25	2,881,586	633,553	22.0%	$ 2,504,529,330	$ 32,070,600	$ 22,392,490	$ 54,463,090	$ 68,498,877	$ 122,961,967
2021	$ 10.75	$ 5.91	2,899,041	724,839	25.0%	$ 3,206,008,487	$ 41,053,069	$ 28,664,273	$ 69,717,342	$ 87,684,332	$ 157,401,674
2022	$ 11.60	$ 6.61	2,916,602	816,188	28.0%	$ 4,028,411,748	$ 51,583,976	$ 36,017,214	$ 87,601,190	$ 110,177,061	$ 197,778,251
2023	$ 12.45	$ 7.22	2,934,269	886,538	30.2%	$ 4,936,926,743	$ 63,217,547	$ 44,140,063	$ 107,357,610	$ 135,024,946	$ 242,382,557
2024	$ 13.30	$ 7.98	2,952,043	955,827	32.4%	$ 5,926,500,505	$ 75,889,080	$ 52,987,641	$ 128,876,721	$ 162,089,789	$ 290,966,510
2025	$ 14.15	$ 8.49	2,969,924	1,038,903	35.0%	$ 6,999,334,098	$ 89,626,757	$ 62,579,629	$ 152,206,387	$ 191,431,788	$ 343,638,174
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 5.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 9.75	$ 5.85	2,881,586	616,817	21.4%	$ 2,383,644,943	$ 30,522,670	$ 21,311,687	$ 51,834,357	$ 65,192,689	$ 117,027,046
2021	$ 10.50	$ 6.83	2,899,041	689,691	23.8%	$ 2,975,549,883	$ 38,102,037	$ 26,603,789	$ 64,705,826	$ 81,381,289	$ 146,087,116
2022	$ 11.25	$ 7.88	2,916,602	784,685	26.9%	$ 3,651,492,961	$ 46,757,516	$ 32,647,259	$ 79,404,775	$ 99,868,332	$ 179,273,108
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.75	$ 10.20	2,952,043	904,578	30.6%	$ 5,237,058,923	$ 67,060,752	$ 46,823,484	$ 113,884,236	$ 143,233,562	$ 257,117,798
2025	$ 13.50	$ 11.48	2,969,924	959,850	32.3%	$ 6,114,487,630	$ 78,296,262	$ 54,668,396	$ 132,964,659	$ 167,231,237	$ 300,195,895
2026	$ 14.25	$ 12.83	2,987,914	1,026,895	34.4%	$ 7,054,339,607	$ 90,331,105	$ 63,071,423	$ 153,402,528	$ 192,936,188	$ 346,338,716
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 6.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 9.75	$ 5.17	2,881,586	614,272	21.3%	$ 2,375,579,835	$ 30,419,396	$ 21,239,578	$ 51,658,975	$ 64,972,108	$ 116,631,083
2021	$ 10.50	$ 5.78	2,899,041	684,908	23.6%	$ 2,959,643,079	$ 37,898,350	$ 26,461,570	$ 64,359,920	$ 80,946,238	$ 145,306,158
2022	$ 11.25	$ 6.41	2,916,602	777,265	26.6%	$ 3,623,087,338	$ 46,393,781	$ 32,393,291	$ 78,787,071	$ 99,091,439	$ 177,878,510
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.75	$ 7.65	2,952,043	899,272	30.5%	$ 5,168,339,574	$ 66,180,798	$ 46,209,078	$ 112,389,876	$ 141,354,087	$ 253,743,963
2025	$ 13.50	$ 8.10	2,969,924	956,019	32.2%	$ 6,020,031,489	$ 77,086,748	$ 53,823,883	$ 130,910,631	$ 164,647,861	$ 295,558,492
2026	$ 14.25	$ 8.55	2,987,914	1,024,719	34.3%	$ 6,932,879,471	$ 88,775,803	$ 61,985,472	$ 150,761,275	$ 189,614,254	$ 340,375,529
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 7.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 14.00	$ 11.20	2,952,043	1,044,718	35.4%	$ 7,064,599,152	$ 90,462,479	$ 63,163,151	$ 153,625,630	$ 193,216,787	$ 346,842,417
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 14.00	$ 12.60	2,987,914	997,728	33.4%	$ 6,669,196,152	$ 85,399,328	$ 59,627,933	$ 145,027,260	$ 182,402,515	$ 327,429,775
2027	$ 14.00	$ 13.30	3,006,013	971,739	32.3%	$ 6,480,542,208	$ 82,983,606	$ 57,941,216	$ 140,924,822	$ 177,242,829	$ 318,167,652
2028	$ 14.00	$ 14.00	3,024,222	950,955	31.4%	$ 6,298,798,887	$ 80,656,376	$ 56,316,286	$ 136,972,661	$ 172,272,150	$ 309,244,811

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 8.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 14.00	$ 8.40	2,952,043	1,043,118	35.3%	$ 6,985,083,230	$ 89,444,274	$ 62,452,215	$ 151,896,490	$ 191,042,026	$ 342,938,516
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 14.00	$ 8.40	2,987,914	994,829	33.3%	$ 6,550,573,334	$ 83,880,358	$ 58,567,350	$ 142,447,708	$ 179,158,181	$ 321,605,889
2027	$ 14.00	$ 8.40	3,006,013	968,537	32.2%	$ 6,342,493,856	$ 81,215,891	$ 56,706,954	$ 137,922,845	$ 173,467,207	$ 311,390,052
2028	$ 14.00	$ 8.40	3,024,222	947,055	31.3%	$ 6,141,467,687	$ 78,641,743	$ 54,909,619	$ 133,551,363	$ 167,969,141	$ 301,520,504

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 9.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 13.00	$ 11.05	2,969,924	909,631	30.6%	$ 5,416,478,901	$ 69,358,232	$ 48,427,641	$ 117,785,874	$ 148,140,698	$ 265,926,572
2026	$ 13.00	$ 11.70	2,987,914	893,063	29.9%	$ 5,260,207,202	$ 67,357,167	$ 47,030,448	$ 114,387,615	$ 143,866,667	$ 258,254,282
2027	$ 13.00	$ 12.35	3,006,013	876,584	29.2%	$ 5,106,957,524	$ 65,394,799	$ 45,660,274	$ 111,055,072	$ 139,675,288	$ 250,730,360
2028	$ 13.00	$ 13.00	3,024,222	857,479	28.4%	$ 4,956,685,598	$ 63,470,560	$ 44,316,723	$ 107,787,283	$ 135,565,351	$ 243,352,634

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 10.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 13.00	$ 7.80	2,969,924	904,418	30.5%	$ 5,327,596,215	$ 68,220,086	$ 47,632,959	$ 115,853,045	$ 145,709,756	$ 261,562,802
2026	$ 13.00	$ 7.80	2,987,914	887,266	29.7%	$ 5,153,689,112	$ 65,993,198	$ 46,078,091	$ 112,071,290	$ 140,953,397	$ 253,024,687
2027	$ 13.00	$ 7.80	3,006,013	870,278	29.0%	$ 4,982,946,968	$ 63,806,838	$ 44,551,520	$ 108,358,359	$ 136,283,600	$ 244,641,958
2028	$ 13.00	$ 7.80	3,024,222	850,799	28.1%	$ 4,815,248,660	$ 61,659,455	$ 43,052,164	$ 104,711,618	$ 131,697,051	$ 236,408,669

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 11.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.00	$ 9.60	2,952,043	831,622	28.2%	$ 4,281,776,630	$ 54,828,324	$ 38,282,498	$ 93,110,822	$ 117,106,591	$ 210,217,413
2025	$ 12.00	$ 10.20	2,969,924	813,271	27.4%	$ 4,150,695,234	$ 53,149,821	$ 37,110,526	$ 90,260,347	$ 113,521,515	$ 203,781,862
2026	$ 12.00	$ 10.80	2,987,914	799,427	26.8%	$ 4,022,314,218	$ 51,505,897	$ 35,962,697	$ 87,468,594	$ 110,010,294	$ 197,478,888
2027	$ 12.00	$ 11.40	3,006,013	772,796	25.7%	$ 3,898,371,841	$ 49,918,810	$ 34,854,554	$ 84,773,363	$ 106,620,470	$ 191,393,833
2028	$ 12.00	$ 12.00	3,024,222	748,806	24.8%	$ 3,780,440,095	$ 48,408,689	$ 33,800,150	$ 82,208,839	$ 103,395,037	$ 185,603,875

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 12.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.00	$ 7.20	2,952,043	824,019	27.9%	$ 4,221,332,779	$ 54,054,338	$ 37,742,082	$ 91,796,420	$ 115,453,451	$ 207,249,871
2025	$ 12.00	$ 7.20	2,969,924	805,089	27.1%	$ 4,074,348,740	$ 52,172,201	$ 36,427,927	$ 88,600,128	$ 111,433,438	$ 200,033,567
2026	$ 12.00	$ 7.20	2,987,914	790,442	26.5%	$ 3,930,187,607	$ 50,326,212	$ 35,139,012	$ 85,465,224	$ 107,490,631	$ 192,955,855
2027	$ 12.00	$ 7.20	3,006,013	763,507	25.4%	$ 3,790,569,472	$ 48,538,396	$ 33,890,714	$ 82,429,110	$ 103,672,075	$ 186,101,185
2028	$ 12.00	$ 7.20	3,024,222	739,084	24.4%	$ 3,657,027,733	$ 46,828,389	$ 32,696,745	$ 79,525,133	$ 100,019,709	$ 179,544,842

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

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December 14, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-073 through 2018-084

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-073 through 2018-084 (the "Initiative Petitions"). If passed, any of these twelve initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a near doubling of the minimum wage to $15—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second

effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 68.54% (($15-$8.90)/$8.90) in Initiative Petitions 2018-073 through 2018-076 to a wage increase of 42.01% (($15-$8.45)/$8.45) in Initiative Petitions 2018-083 through 2018-084.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than

private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, as well as in Dr. Macpherson's 2014 report, attached hereto as **Exhibit A and Exhibit B**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that the initiative is "likely to result in significant costs to state and local governmental entities" through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307

2009	210.526	-0.0267124
2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05
2027	$9.20

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk

calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it anticipates a state level change to $15.00. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2022	$8.45	$12.00	42.01%	28.44%	225,876	64,244
2023	$8.60	$13.00	51.16%	34.64%	275,076	95,279
2024	$8.75	$14.00	60.00%	40.62%	322,589	131,036
2026	$9.05	$15.00	65.75%	44.51%	353,481	157,334
2027	$9.20	$15.00	63.04%	42.68%	338,952	144,666

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer

payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.30 per week,

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. The expected unemployment weekly benefit amount of a worker making $13.99 an hour is $290.99 per week. The expected unemployment weekly benefit amount of a worker making $14.99 an hour is $311.79 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-073 through 2018-078, [($159.30+$311.79)/2]*20 = $4,710.90
- For Initiative Petitions 2018-079 through 2018-080, [($159.30+$290.99)/2]*20 = $4,502.90
- For Initiative Petitions 2018-081 through 2018-082, [($159.30+$270.19)/2]*20 = $4,294.90
- For Initiative Petitions 2018-083 through 2018-084, [($159.30+$249.39)/2]*20 = $4,086.90

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Benefits Paid	Average Cost of Annual Unemployment Benefits Paid by State
2022 ($12)	64,244	$4,086.90	$91,895,081.93	$22,973,770.48
2023 ($13)	95,279	$4,294.90	$143,224,223.60	$28,644,844.72

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2024 ($14)	131,036	$4,502.90	$206,514,130.35	$34,419,021.73
2026 ($15)	157,334	$4,710.90	$259,415,324.82	$32,426,915.60
2027 ($15)	144,666	$4,710.90	$238,527,470.79	$26,503,052.31

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2022 ($12)	225,876	64,244	161,632	$596,746,272.84	$237,187,559.20
2023 ($13)	275,076	95,279	179,797	$822,752,260.32	$336,905,136.41
2024 ($14)	322,589	131,036	191,553	$1,045,881,167.64	$442,900,455.01
2026 ($15)	353,481	157,334	196,147	$1,213,758,000.24	$482,701,950.51
2027 ($15)	338,952	144,666	194,286	$1,171,933,152.00	$421,267,392.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be

less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$359,558,713.64	$10,786,761.41	$16,180,142.11
$485,847,123.91	$14,575,413.72	$21,863,120.58
$602,980,712.63	$18,089,421.38	$27,134,132.07
$731,056,049.73	$21,931,681.49	$32,897,522.24
$750,665,760.00	$22,519,972.80	$33,779,959.20

Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage in Final Year of Increase	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2022 ($12)	$642,397,362.71	$40,149,835.17	$20,074,917.58
2023 ($13)	$885,692,808.24	$55,355,800.51	$27,677,900.26
2024 ($14)	$1,125,891,076.96	$70,368,192.31	$35,184,096.16
2026 ($15)	$1,306,610,487.26	$81,663,155.45	$40,831,577.73
2027 ($15)	$1,261,586,038.13	$78,849,127.38	$39,424,563.69

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2022 ($12)	($3,894,775.47)
2023 ($13)	($5,814,779.68)
2024 ($14)	($8,049,964.09)
2026 ($15)	($7,934,055.49)
2027 ($15)	($5,644,604.49)

4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.

calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2022 ($12)	$359,558,714	$89,889,678	$642,397,363	($96,359,604)
2023 ($13)	$485,847,124	$121,461,781	$885,692,808	($132,853,921)
2024 ($14)	$602,980,713	$150,745,178	$1,125,891,077	($168,883,662)
2025 ($15)	$731,056,050	$182,764,012	$1,306,610,487	($195,991,573)
2026 ($15)	$750,665,760	$187,666,440	$1,261,586,038	($189,237,906)

Accordingly, the annual net losses in sales tax revenue, and total tax losses are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Loss in State Sales Tax	Total Annual Loss in State Tax Revenue	Annual Net Loss in Local Sales Tax
2022 ($12)	($3,894,775.47)	($273,354.37)	($4,168,129.84)	($231,946.85)
2023 ($13)	($5,814,779.68)	($481,317.93)	($6,296,097.61)	($408,408.23)
2024 ($14)	($8,049,964.09)	($766,350.92)	($8,816,315.01)	($650,264.63)
2026 ($15)	($7,934,055.49)	($558,864.44)	($8,492,919.93)	($474,208.05)
2027 ($15)	($5,644,604.49)	($66,394.43)	($5,710,998.92)	($56,337.05)

[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

Graves Garrett LLC

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
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March 26, 2012

EXHIBIT
A
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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

June 2014

MISSOURI
Restaurant Association
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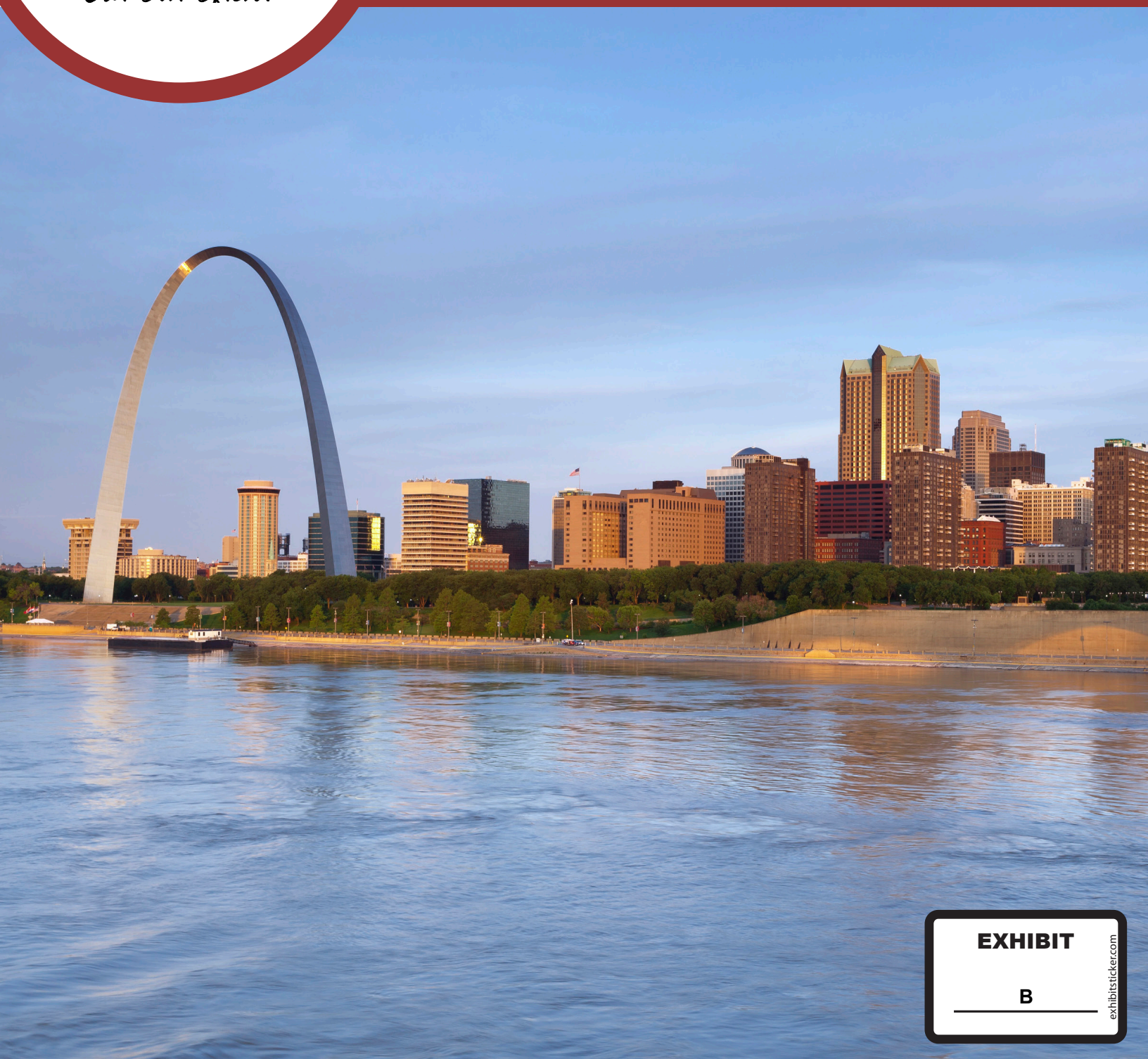
The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

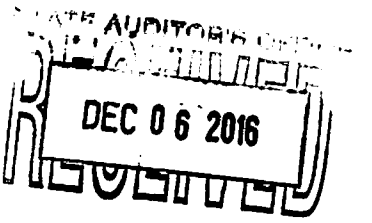
[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University,**. **Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $6.7 million decrease to a $282 million increase depending on business decisions.



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JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

December 6, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 8 (2018-080)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on December 5, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
DEC 05 2016
MO. SECRETARY OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next five years, until it reaches $14.00 per hour, effective January 1, 2024. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2025, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-one percent, effective January 1, 2019;
(2) fifty-three, effective January 1, 2020;
(3) fifty-five percent, effective January 1, 2021;
(4) fifty-seven percent, effective January 1, 2022;
(5) fifty-eight percent, effective January 1, 2023;
(6) sixty percent, effective January 1, 2024;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at

the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-080)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received December 6, 2016)

Date

December 22, 2016

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will defer to the Office of Administration regarding any costs associated with this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department because public employers are exempt.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated it appears Sections 290.502.4 and 290.512.3 would exclude public employers from the provisions of 290.502 subsection (3) and 290.512 subsection (2). They are a part of the definition of public employers. Therefore they assume there would be no direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. They defer to the Office of Administration - Budget and

Planning Division for a statewide response on how this petition may impact state revenues.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to this fiscal note request.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $9.00 per hour, beginning January 1, 2019 and by another $1.00 per hour each year until it reaches $14.00 per hour beginning January 1, 2024. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 51% of the minimum wage rate to tipped employees. Each year thereafter the rate increases until January 1, 2024 when tipped employees should be paid 60% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact for their office as it would be exempt from the provisions set forth in the petition.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted because cities are excluded from operation of the proposal.

Officials from the **City of Raymore** indicated there would be no direct fiscal impact on employee salaries. However there would be a potential increase cost in the capital projects. We have no way of predicting that value.

Officials from **University of Missouri** indicated we do not see an impact on the University of Missouri System.

Officials from **University of Central Missouri** indicated no fiscal impact.

Officials from **Missouri State University** indicated there will be no fiscal impact to their university for this fiscal note.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the proposed statutory amendment will have no fiscal impact on their university.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

November 24, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Proposal 1 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 2 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 3 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 4 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 5 $15 by 2027 and Tipped Minimum Wage at 100% by 2028
Proposal 6 $15 by 2027 and Tipped Minimum Wage at 60% by 2024
Proposal 7 $14 by 2024 and Tipped Minimum Wage at 100% by 2028
Proposal 8 $14 by 2024 and Tipped Minimum Wage at 60% by 2024
Proposal 9 $13 by 2023 and Tipped Minimum Wage at 100% by 2028
Proposal 10 $13 by 2023 and Tipped Minimum Wage at 60% by 2024
Proposal 11 $12 by 2022 and Tipped Minimum Wage at 100% by 2028
Proposal 12 $12 by 2022 and Tipped Minimum Wage at 60% by 2024

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Minimum Wage Initiative Petitions.

The estimated net fiscal impact for each of the twelve versions of the initiative in the final phase-in year is summarized in the right-most column of Table 2 below. The estimated net fiscal impact for each version of the initiative for 2019 and 2020 – the first two fiscal years of implementation – is summarized in Table 3 below.

Our analysis estimates the impact of each of the twelve proposed initiative petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax, with some refinements. We also address certain claims that have been made by opponents in the past.

As these proposed initiatives exclude from the minimum wage increases public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Accordingly, we do not include in our analysis any such estimates.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for the Final Year of Minimum Wage Phase-In.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW Increase	Aggregate Annual Wage Increase in Nominal Dollars
1	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
2	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
3	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
4	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
5	2027	$ 15.00	$ 14.25	1,097,200	$ 8,058,515,525
6	2027	$ 15.00	$ 9.00	1,096,645	$ 7,908,877,243
7	2024	$ 14.00	$ 11.20	1,044,718	$ 7,064,599,152
8	2024	$ 14.00	$ 8.40	1,043,118	$ 6,985,083,230
9	2023	$ 13.00	$ 9.75	949,801	$ 5,741,687,801
10	2023	$ 13.00	$ 7.54	944,495	$ 5,682,599,137
11	2022	$ 12.00	$ 8.40	867,022	$ 4,552,685,065
12	2022	$ 12.00	$ 6.84	858,952	$ 4,517,542,341

Note: Author's Analysis of American Community Survey (ACS) Data from 2014.

Across the twelve proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $4.517 billion (Proposal 12) to a high of $8.294 billion under Proposals 1 and 3. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables 1 through 12 below.

The wage impact of an increase in the Missouri minimum wage is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the State of Missouri was downloaded from the US Census Bureau. The ACS was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15% above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015)). Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

All wage earners are included in this calculation. To be consistent with past estimates, public employees should have been excluded. Employees in the public sector were included because the ACS does not have a published variable that

allows for identification of public employees. This inclusion of public employees will have a minimal impact on our results.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual inflation was to adjust wages to 2015. For all subsequent years between 2016 and 2028, baseline wages were inflated by the annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twelve proposals were analyzed. For each proposal, we constructed a baseline wage scenario which used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twelve minimum wage proposed scenarios. Since the minimum wage proposals offered six different paths for raising the minimum wage for all non-tipped private sector workers, and two different wage paths for tipped workers (for each proposal), we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings on an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighting factor for that employee in the population. The total impact for the State of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next we review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that were true, then those employment reductions would result in reductions in state income and sales tax revenue or increases in unemployment-related costs to the state.

However, as explained in greater detail below, review of the most credible recent empirical research on the minimum wage shows that increases have had no discernible impact on aggregate employment levels. Larger $15 minimum wage increases, such as those adopted recently in New York, California, Seattle and other jurisdictions, have not yet been studied to determine whether the same holds true for them. While it is possible that there may be some employment

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. Larger counties and cities will also have almost all public employees earning more than the highest proposed minimum wage. Local public employees in small counties and towns may have some public employees who earn less than the highest proposed minimum.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders', 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers.'

losses from such larger minimum wage increases as the result of increased use of automation or other factors, we offset this potential negative effect by not also calculating the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason, and because of the likely increases in wages to individuals who earn above the proposed minimum wages, the wage and tax impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A meta-study—a formal statistical study of studies—by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the bulk of the studies find that higher minimum wages have had little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results. (Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations, vol. 47, no. 2, pp. 406–28.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2) Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport. (Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522–543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84–105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139–63; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106–138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in

response to the minimum-wage rise. About 90% of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28–29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433–44; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543–69.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Note too, we conclude the same as to small businesses. In fact, the proposed increases will not affect some small businesses as the state minimum wage law exempts individuals employed by any retail or service business that has a gross volume of sales made or business done of less than $500,000 annually. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs—both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the twelve minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with slightly higher prices (which would be taxable). Studies are mixed as to whether businesses increase prices by even small amounts when the minimum wage increases.

Increase in Personal Income Tax Revenue and Sales Tax Revenue Due to Increased Wages. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax. In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The State of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that was taxable.[3] The resulting rate was 30.3%.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state and local sale tax revenue, and in state income tax revenue, resulting from the increased wages would be as follows for the final year of the minimum wage phase-in, for each of the twelve versions of the initiative:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Final Year of Full Minimum Wage Phase-In.

Proposal	Final Year of Minimum Wage Phase-In	State & Local Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
1	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
2	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
3	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
4	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
5	2027	$ 175,239,175	$ 220,400,400	$ 395,639,574
6	2027	$ 171,985,165	$ 216,307,793	$ 388,292,957
7	2024	$ 153,625,630	$ 193,216,787	$ 346,842,417
8	2024	$ 151,896,490	$ 191,042,026	$ 342,938,516
9	2023	$ 124,857,814	$ 157,035,161	$ 281,892,975
10	2023	$ 123,572,881	$ 155,419,086	$ 278,991,968
11	2022	$ 99,001,953	$ 124,515,937	$ 223,517,889
12	2022	$ 98,237,745	$ 123,554,783	$ 221,792,528

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50% of the spending on the category "apparel and services" was taxable.

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures.

As described in Table 2 above, the final fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase-out. The estimates of the total fiscal benefit range from $221 million to $407 million annually.

Section 23.140, RSMo., indicates that the fiscal note shall address the cost of the proposed legislation to the state for the first two fiscal years—which, in the case of the proposed initiatives, will be 2019 and 2020. Table 3 below summarizes our projected total sales and personal income tax revenue increases for years 2019 and 2020 for each of the twelve versions of the initiative:

Table 3. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in 2019 & 2020

Proposal	Total Sales and Personal Income Tax Revenue Increase—2019	Total Sales and Personal Income Tax Revenue Increase—2020
1	$ 60,008,101	$ 88,368,944
2	$ 59,882,683	$ 88,058,046
3	$ 93,306,606	$ 123,377,155
4	$ 93,142,857	$ 122,961,967
5	$ 91,491,028	$ 117,027,046
6	$ 91,328,763	$ 116,631,083
7	$ 91,491,028	$ 127,734,685
8	$ 91,328,763	$ 127,305,194
9	$ 91,491,028	$ 127,734,685
10	$ 91,328,763	$ 127,305,194
11	$ 91,491,028	$ 127,734,685
12	$ 91,328,763	$ 127,305,194

Complete year-by-year summaries of the fiscal benefits for all twelve versions of the proposed initiative can be found in Appendix tables 1 through 12.

Please also consider the following with reference to section 23.140, RSMo. The proposed measures will not establish a program or agency that will duplicate an existing program or agency. There is not a federal mandate for the proposed measures (although the United States Department of Labor currently supports minimum wage increases). The proposed measures will not have significant direct fiscal impact upon political subdivisions of the state because the measures exclude employees of public employers. And, the proposed measures do not require new physical facilities. We reference the economic impact of the proposed measures on small businesses in Section II above.

We hope that this information is useful to your office as you prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action

Appendix

Table A. Summary of Minimum Wage Proposals and Rates by Year, 2015-2028

	Proposal 1 & 2			Proposal 3 & 4			Proposal 5 & 6			Proposal 7 & 8			Proposal 9 & 10			Proposal 11 & 12		
	$15 by 2026			$15 by 2026			$15 by 2027			$14 by 2024			$13 by 2023			$12 by 2022		
Year	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B
2015	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2016	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2017	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88
2018	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94
2019	**$ 8.00**	$ 4.40	$ 4.08	**$ 9.05**	$ 4.98	$ 4.62	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59
2020	$ 9.00	$ 5.40	$ 4.77	$ 9.90	$ 5.94	$ 5.25	$ 9.75	$ 5.85	$ 5.17	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30
2021	$ 10.00	$ 6.50	$ 5.50	$ 10.75	$ 6.99	$ 5.91	$ 10.50	$ 6.83	$ 5.78	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05
2022	$ 11.00	$ 7.70	$ 6.27	$ 11.60	$ 8.12	$ 6.61	$ 11.25	$ 7.88	$ 6.41	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84
2023	$ 12.00	$ 9.00	$ 6.96	$ 12.45	$ 9.34	$ 7.22	$ 12.00	$ 9.00	$ 6.96	$ 13.00	$ 9.75	$ 7.54	$ 13.00	$ 9.75	$ 7.54	$ 12.00	$ 9.00	$ 6.96
2024	$ 13.00	$ 10.40	$ 7.80	$ 13.30	$ 10.64	$ 7.98	$ 12.75	$ 10.20	$ 7.65	$ 14.00	$ 11.20	$ 8.40	$ 13.00	$ 10.40	$ 7.80	$ 12.00	$ 9.60	$ 7.20
2025	$ 14.00	$ 11.90	$ 8.40	$ 14.15	$ 12.03	$ 8.49	$ 13.50	$ 11.48	$ 8.10	$ 14.00	$ 11.90	$ 8.40	$ 13.00	$ 11.05	$ 7.80	$ 12.00	$ 10.20	$ 7.20
2026	$ 15.00	$ 13.50	$ 9.00	$ 15.00	$ 13.50	$ 9.00	$ 14.25	$ 12.83	$ 8.55	$ 14.00	$ 12.60	$ 8.40	$ 13.00	$ 11.70	$ 7.80	$ 12.00	$ 10.80	$ 7.20
2027	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 14.00	$ 13.30	$ 8.40	$ 13.00	$ 12.35	$ 7.80	$ 12.00	$ 11.40	$ 7.20
2028	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 14.00	$ 14.00	$ 8.40	$ 13.00	$ 13.00	$ 7.80	$ 12.00	$ 12.00	$ 7.20

Note: Assumed minimum wage rates under existing law between 2015 and 2018 listed in grey shading. 2017 and 2018 MW rates assumed to increase according to annual average increase in the CPI-U for the Midwest Region between 2010-2016.

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposal 1.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.40	2,864,237	421,788	14.7%	$ 1,222,264,515	$ 15,651,147	$ 10,928,020	$ 26,579,166	$ 33,428,934	$ 60,008,101
2020	$ 9.00	$ 5.40	2,881,586	530,380	18.4%	$ 1,799,927,399	$ 23,048,143	$ 16,092,787	$ 39,140,930	$ 49,228,014	$ 88,368,944
2021	$ 10.00	$ 6.50	2,899,041	631,957	21.8%	$ 2,517,558,520	$ 32,237,439	$ 22,508,981	$ 54,746,420	$ 68,855,226	$ 123,601,646
2022	$ 11.00	$ 7.70	2,916,602	745,172	25.5%	$ 3,377,968,920	$ 43,255,029	$ 30,201,736	$ 73,456,766	$ 92,387,450	$ 165,844,216
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	37.2%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposal 2.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.08	2,864,237	420,743	14.7%	$ 1,219,709,970	$ 15,618,436	$ 10,905,180	$ 26,523,616	$ 33,359,068	$ 59,882,683
2020	$ 9.00	$ 4.77	2,881,586	528,273	18.3%	$ 1,793,594,927	$ 22,967,056	$ 16,036,169	$ 39,003,225	$ 49,054,821	$ 88,058,046
2021	$ 10.00	$ 5.50	2,899,041	627,965	21.7%	$ 2,503,864,976	$ 32,062,093	$ 22,386,550	$ 54,448,643	$ 68,480,707	$ 122,929,350
2022	$ 11.00	$ 6.27	2,916,602	738,066	25.3%	$ 3,351,722,654	$ 42,918,945	$ 29,967,074	$ 72,886,019	$ 91,669,615	$ 164,555,633
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposal 3.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.98	2,864,237	548,462	19.1%	$ 1,900,499,300	$ 24,335,971	$ 16,991,980	$ 41,327,950	$ 51,978,656	$ 93,306,606
2020	$ 9.90	$ 5.94	2,881,586	636,153	22.1%	$ 2,512,986,014	$ 32,178,888	$ 22,468,099	$ 54,646,987	$ 68,730,167	$ 123,377,155
2021	$ 10.75	$ 6.99	2,899,041	729,185	25.2%	$ 3,223,130,691	$ 41,272,319	$ 28,817,359	$ 70,089,679	$ 88,152,624	$ 158,242,303
2022	$ 11.60	$ 8.12	2,916,602	824,162	28.3%	$ 4,059,707,011	$ 51,984,713	$ 36,297,019	$ 88,281,732	$ 111,032,987	$ 199,314,719
2023	$ 12.45	$ 9.34	2,934,269	893,537	30.5%	$ 4,990,737,937	$ 63,906,602	$ 44,621,178	$ 108,527,780	$ 136,496,683	$ 245,024,462
2024	$ 13.30	$ 10.64	2,952,043	959,658	32.5%	$ 6,000,441,052	$ 76,835,891	$ 53,648,729	$ 130,484,620	$ 164,112,063	$ 294,596,683
2025	$ 14.15	$ 12.03	2,969,924	1,040,572	35.0%	$ 7,099,877,251	$ 90,914,217	$ 63,478,565	$ 154,392,782	$ 194,181,643	$ 348,574,425
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposal 4.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.62	2,864,237	547,296	19.1%	$ 1,897,164,012	$ 24,293,262	$ 16,962,159	$ 41,255,422	$ 51,887,436	$ 93,142,857
2020	$ 9.90	$ 5.25	2,881,586	633,553	22.0%	$ 2,504,529,330	$ 32,070,600	$ 22,392,490	$ 54,463,090	$ 68,498,877	$ 122,961,967
2021	$ 10.75	$ 5.91	2,899,041	724,839	25.0%	$ 3,206,008,487	$ 41,053,069	$ 28,664,273	$ 69,717,342	$ 87,684,332	$ 157,401,674
2022	$ 11.60	$ 6.61	2,916,602	816,188	28.0%	$ 4,028,411,748	$ 51,583,976	$ 36,017,214	$ 87,601,190	$ 110,177,061	$ 197,778,251
2023	$ 12.45	$ 7.22	2,934,269	886,538	30.2%	$ 4,936,926,743	$ 63,217,547	$ 44,140,063	$ 107,357,610	$ 135,024,946	$ 242,382,557
2024	$ 13.30	$ 7.98	2,952,043	955,827	32.4%	$ 5,926,500,505	$ 75,889,080	$ 52,987,641	$ 128,876,721	$ 162,089,789	$ 290,966,510
2025	$ 14.15	$ 8.49	2,969,924	1,038,903	35.0%	$ 6,999,334,098	$ 89,626,757	$ 62,579,629	$ 152,206,387	$ 191,431,788	$ 343,638,174
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 5.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 9.75	$ 5.85	2,881,586	616,817	21.4%	$ 2,383,644,943	$ 30,522,670	$ 21,311,687	$ 51,834,357	$ 65,192,689	$ 117,027,046
2021	$ 10.50	$ 6.83	2,899,041	689,691	23.8%	$ 2,975,549,883	$ 38,102,037	$ 26,603,789	$ 64,705,826	$ 81,381,289	$ 146,087,116
2022	$ 11.25	$ 7.88	2,916,602	784,685	26.9%	$ 3,651,492,961	$ 46,757,516	$ 32,647,259	$ 79,404,775	$ 99,868,332	$ 179,273,108
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.75	$ 10.20	2,952,043	904,578	30.6%	$ 5,237,058,923	$ 67,060,752	$ 46,823,484	$ 113,884,236	$ 143,233,562	$ 257,117,798
2025	$ 13.50	$ 11.48	2,969,924	959,850	32.3%	$ 6,114,487,630	$ 78,296,262	$ 54,668,396	$ 132,964,659	$ 167,231,237	$ 300,195,895
2026	$ 14.25	$ 12.83	2,987,914	1,026,895	34.4%	$ 7,054,339,607	$ 90,331,105	$ 63,071,423	$ 153,402,528	$ 192,936,188	$ 346,338,716
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 6.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 9.75	$ 5.17	2,881,586	614,272	21.3%	$ 2,375,579,835	$ 30,419,396	$ 21,239,578	$ 51,658,975	$ 64,972,108	$ 116,631,083
2021	$ 10.50	$ 5.78	2,899,041	684,908	23.6%	$ 2,959,643,079	$ 37,898,350	$ 26,461,570	$ 64,359,920	$ 80,946,238	$ 145,306,158
2022	$ 11.25	$ 6.41	2,916,602	777,265	26.6%	$ 3,623,087,338	$ 46,393,781	$ 32,393,291	$ 78,787,071	$ 99,091,439	$ 177,878,510
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.75	$ 7.65	2,952,043	899,272	30.5%	$ 5,168,339,574	$ 66,180,798	$ 46,209,078	$ 112,389,876	$ 141,354,087	$ 253,743,963
2025	$ 13.50	$ 8.10	2,969,924	956,019	32.2%	$ 6,020,031,489	$ 77,086,748	$ 53,823,883	$ 130,910,631	$ 164,647,861	$ 295,558,492
2026	$ 14.25	$ 8.55	2,987,914	1,024,719	34.3%	$ 6,932,879,471	$ 88,775,803	$ 61,985,472	$ 150,761,275	$ 189,614,254	$ 340,375,529
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 7.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 14.00	$ 11.20	2,952,043	1,044,718	35.4%	$ 7,064,599,152	$ 90,462,479	$ 63,163,151	$ 153,625,630	$ 193,216,787	$ 346,842,417
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 14.00	$ 12.60	2,987,914	997,728	33.4%	$ 6,669,196,152	$ 85,399,328	$ 59,627,933	$ 145,027,260	$ 182,402,515	$ 327,429,775
2027	$ 14.00	$ 13.30	3,006,013	971,739	32.3%	$ 6,480,542,208	$ 82,983,606	$ 57,941,216	$ 140,924,822	$ 177,242,829	$ 318,167,652
2028	$ 14.00	$ 14.00	3,024,222	950,955	31.4%	$ 6,298,798,887	$ 80,656,376	$ 56,316,286	$ 136,972,661	$ 172,272,150	$ 309,244,811

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 8.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 14.00	$ 8.40	2,952,043	1,043,118	35.3%	$ 6,985,083,230	$ 89,444,274	$ 62,452,215	$ 151,896,490	$ 191,042,026	$ 342,938,516
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 14.00	$ 8.40	2,987,914	994,829	33.3%	$ 6,550,573,334	$ 83,880,358	$ 58,567,350	$ 142,447,708	$ 179,158,181	$ 321,605,889
2027	$ 14.00	$ 8.40	3,006,013	968,537	32.2%	$ 6,342,493,856	$ 81,215,891	$ 56,706,954	$ 137,922,845	$ 173,467,207	$ 311,390,052
2028	$ 14.00	$ 8.40	3,024,222	947,055	31.3%	$ 6,141,467,687	$ 78,641,743	$ 54,909,619	$ 133,551,363	$ 167,969,141	$ 301,520,504

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 9.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 13.00	$ 11.05	2,969,924	909,631	30.6%	$ 5,416,478,901	$ 69,358,232	$ 48,427,641	$ 117,785,874	$ 148,140,698	$ 265,926,572
2026	$ 13.00	$ 11.70	2,987,914	893,063	29.9%	$ 5,260,207,202	$ 67,357,167	$ 47,030,448	$ 114,387,615	$ 143,866,667	$ 258,254,282
2027	$ 13.00	$ 12.35	3,006,013	876,584	29.2%	$ 5,106,957,524	$ 65,394,799	$ 45,660,274	$ 111,055,072	$ 139,675,288	$ 250,730,360
2028	$ 13.00	$ 13.00	3,024,222	857,479	28.4%	$ 4,956,685,598	$ 63,470,560	$ 44,316,723	$ 107,787,283	$ 135,565,351	$ 243,352,634

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 10.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 13.00	$ 7.80	2,969,924	904,418	30.5%	$ 5,327,596,215	$ 68,220,086	$ 47,632,959	$ 115,853,045	$ 145,709,756	$ 261,562,802
2026	$ 13.00	$ 7.80	2,987,914	887,266	29.7%	$ 5,153,689,112	$ 65,993,198	$ 46,078,091	$ 112,071,290	$ 140,953,397	$ 253,024,687
2027	$ 13.00	$ 7.80	3,006,013	870,278	29.0%	$ 4,982,946,968	$ 63,806,838	$ 44,551,520	$ 108,358,359	$ 136,283,600	$ 244,641,958
2028	$ 13.00	$ 7.80	3,024,222	850,799	28.1%	$ 4,815,248,660	$ 61,659,455	$ 43,052,164	$ 104,711,618	$ 131,697,051	$ 236,408,669

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 11.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.00	$ 9.60	2,952,043	831,622	28.2%	$ 4,281,776,630	$ 54,828,324	$ 38,282,498	$ 93,110,822	$ 117,106,591	$ 210,217,413
2025	$ 12.00	$ 10.20	2,969,924	813,271	27.4%	$ 4,150,695,234	$ 53,149,821	$ 37,110,526	$ 90,260,347	$ 113,521,515	$ 203,781,862
2026	$ 12.00	$ 10.80	2,987,914	799,427	26.8%	$ 4,022,314,218	$ 51,505,897	$ 35,962,697	$ 87,468,594	$ 110,010,294	$ 197,478,888
2027	$ 12.00	$ 11.40	3,006,013	772,796	25.7%	$ 3,898,371,841	$ 49,918,810	$ 34,854,554	$ 84,773,363	$ 106,620,470	$ 191,393,833
2028	$ 12.00	$ 12.00	3,024,222	748,806	24.8%	$ 3,780,440,095	$ 48,408,689	$ 33,800,150	$ 82,208,839	$ 103,395,037	$ 185,603,875

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 12.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.00	$ 7.20	2,952,043	824,019	27.9%	$ 4,221,332,779	$ 54,054,338	$ 37,742,082	$ 91,796,420	$ 115,453,451	$ 207,249,871
2025	$ 12.00	$ 7.20	2,969,924	805,089	27.1%	$ 4,074,348,740	$ 52,172,201	$ 36,427,927	$ 88,600,128	$ 111,433,438	$ 200,033,567
2026	$ 12.00	$ 7.20	2,987,914	790,442	26.5%	$ 3,930,187,607	$ 50,326,212	$ 35,139,012	$ 85,465,224	$ 107,490,631	$ 192,955,855
2027	$ 12.00	$ 7.20	3,006,013	763,507	25.4%	$ 3,790,569,472	$ 48,538,396	$ 33,890,714	$ 82,429,110	$ 103,672,075	$ 186,101,185
2028	$ 12.00	$ 7.20	3,024,222	739,084	24.4%	$ 3,657,027,733	$ 46,828,389	$ 32,696,745	$ 79,525,133	$ 100,019,709	$ 179,544,842

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

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Phone: (816) 256-3181
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December 14, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-073 through 2018-084

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-073 through 2018-084 (the "Initiative Petitions"). If passed, any of these twelve initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a near doubling of the minimum wage to $15—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second

effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 68.54% (($15-$8.90)/$8.90) in Initiative Petitions 2018-073 through 2018-076 to a wage increase of 42.01% (($15-$8.45)/$8.45) in Initiative Petitions 2018-083 through 2018-084.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than

private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, as well as in Dr. Macpherson's 2014 report, attached hereto as **Exhibit A and Exhibit B**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that the initiative is "likely to result in significant costs to state and local governmental entities" through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307

2009	210.526	-0.0267124
2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05
2027	$9.20

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk

calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it anticipates a state level change to $15.00. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2022	$8.45	$12.00	42.01%	28.44%	225,876	64,244
2023	$8.60	$13.00	51.16%	34.64%	275,076	95,279
2024	$8.75	$14.00	60.00%	40.62%	322,589	131,036
2026	$9.05	$15.00	65.75%	44.51%	353,481	157,334
2027	$9.20	$15.00	63.04%	42.68%	338,952	144,666

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer

payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.30 per week,

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. The expected unemployment weekly benefit amount of a worker making $13.99 an hour is $290.99 per week. The expected unemployment weekly benefit amount of a worker making $14.99 an hour is $311.79 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-073 through 2018-078, [($159.30+$311.79)/2]*20 = $4,710.90
- For Initiative Petitions 2018-079 through 2018-080, [($159.30+$290.99)/2]*20 = $4,502.90
- For Initiative Petitions 2018-081 through 2018-082, [($159.30+$270.19)/2]*20 = $4,294.90
- For Initiative Petitions 2018-083 through 2018-084, [($159.30+$249.39)/2]*20 = $4,086.90

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Benefits Paid	Average Cost of Annual Unemployment Benefits Paid by State
2022 ($12)	64,244	$4,086.90	$91,895,081.93	$22,973,770.48
2023 ($13)	95,279	$4,294.90	$143,224,223.60	$28,644,844.72

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2024 ($14)	131,036	$4,502.90	$206,514,130.35	$34,419,021.73
2026 ($15)	157,334	$4,710.90	$259,415,324.82	$32,426,915.60
2027 ($15)	144,666	$4,710.90	$238,527,470.79	$26,503,052.31

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2022 ($12)	225,876	64,244	161,632	$596,746,272.84	$237,187,559.20
2023 ($13)	275,076	95,279	179,797	$822,752,260.32	$336,905,136.41
2024 ($14)	322,589	131,036	191,553	$1,045,881,167.64	$442,900,455.01
2026 ($15)	353,481	157,334	196,147	$1,213,758,000.24	$482,701,950.51
2027 ($15)	338,952	144,666	194,286	$1,171,933,152.00	$421,267,392.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be

less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$359,558,713.64	$10,786,761.41	$16,180,142.11
$485,847,123.91	$14,575,413.72	$21,863,120.58
$602,980,712.63	$18,089,421.38	$27,134,132.07
$731,056,049.73	$21,931,681.49	$32,897,522.24
$750,665,760.00	$22,519,972.80	$33,779,959.20

Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage in Final Year of Increase	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2022 ($12)	$642,397,362.71	$40,149,835.17	$20,074,917.58
2023 ($13)	$885,692,808.24	$55,355,800.51	$27,677,900.26
2024 ($14)	$1,125,891,076.96	$70,368,192.31	$35,184,096.16
2026 ($15)	$1,306,610,487.26	$81,663,155.45	$40,831,577.73
2027 ($15)	$1,261,586,038.13	$78,849,127.38	$39,424,563.69

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2022 ($12)	($3,894,775.47)
2023 ($13)	($5,814,779.68)
2024 ($14)	($8,049,964.09)
2026 ($15)	($7,934,055.49)
2027 ($15)	($5,644,604.49)

4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.

calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2022 ($12)	$359,558,714	$89,889,678	$642,397,363	($96,359,604)
2023 ($13)	$485,847,124	$121,461,781	$885,692,808	($132,853,921)
2024 ($14)	$602,980,713	$150,745,178	$1,125,891,077	($168,883,662)
2025 ($15)	$731,056,050	$182,764,012	$1,306,610,487	($195,991,573)
2026 ($15)	$750,665,760	$187,666,440	$1,261,586,038	($189,237,906)

Accordingly, the annual net losses in sales tax revenue, and total tax losses are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Loss in State Sales Tax	Total Annual Loss in State Tax Revenue	Annual Net Loss in Local Sales Tax
2022 ($12)	($3,894,775.47)	($273,354.37)	($4,168,129.84)	($231,946.85)
2023 ($13)	($5,814,779.68)	($481,317.93)	($6,296,097.61)	($408,408.23)
2024 ($14)	($8,049,964.09)	($766,350.92)	($8,816,315.01)	($650,264.63)
2026 ($15)	($7,934,055.49)	($558,864.44)	($8,492,919.93)	($474,208.05)
2027 ($15)	($5,644,604.49)	($66,394.43)	($5,710,998.92)	($56,337.05)

[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

Graves Garrett LLC

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

EXHIBIT
A
exhibitsticker.com

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

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3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

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"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

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"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

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"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

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"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

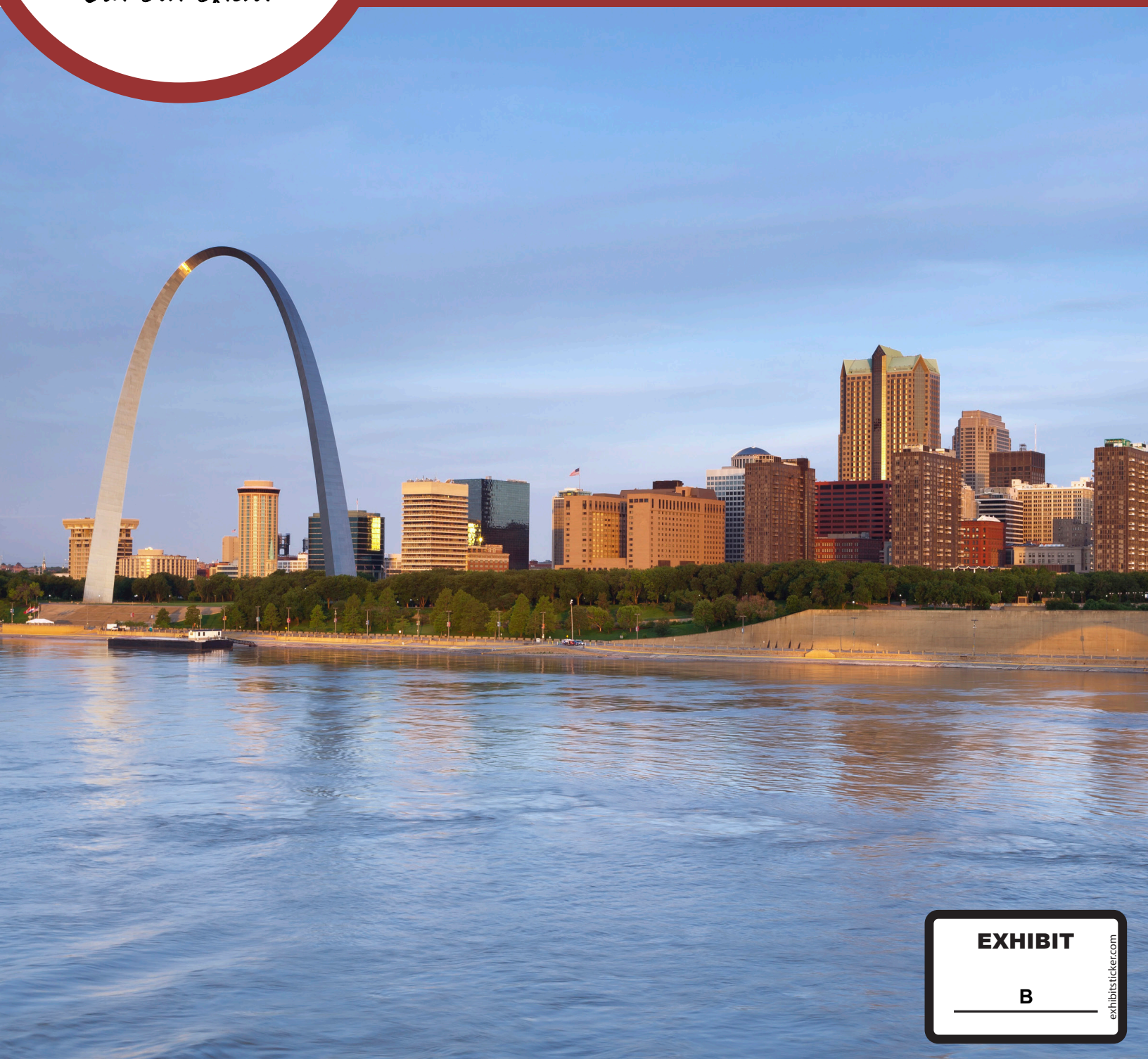
26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University,**. **Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $9.5 million decrease to a $343 million increase depending on business decisions.

STATE AUDITOR'S OFFICE
RECEIVED
DEC 06 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 6, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 7 (2018-079)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on December 5, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
DEC 05 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next five years, until it reaches $14.00 per hour, effective January 1, 2024. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2025, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-five percent, effective January 1, 2019;
(2) sixty percent, effective January 1, 2020;
(3) sixty-five percent, effective January 1, 2021;
(4) seventy percent, effective January 1, 2022;
(5) seventy-five percent, effective January 1, 2023;
(6) eighty percent, effective January 1, 2024;
(7) eighty-five percent, effective January 1, 2025;
(8) ninety percent, effective January 1, 2026;
(9) ninety-five percent; effective January 1, 2027;
(10) one hundred percent, effective January 1, 2028;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-079)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received December 6, 2016)

Date

December 22, 2016

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will defer to the Office of Administration regarding any costs associated with this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department because public employers are exempt.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated it appears Sections 290.502.4 and 290.512.3 would exclude public employers from the provisions of 290.502 subsection (3) and 290.512 subsection (2). They are a part of the definition of public employers. Therefore they assume there would be no direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. They defer to the Office of Administration - Budget and

Planning Division for a statewide response on how this petition may impact state revenues.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to this fiscal note request.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $9.00 per hour, beginning January 1, 2019 and by another $1 per hour each year until it reaches $14.00 per hour beginning January 1, 2024. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 55% of the minimum wage rate to tipped employees. Each year thereafter the rate increases until January 1, 2028 when tipped employees should be paid 100% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact for their office as it would be exempt from the provisions set forth in the petition.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted because cities are excluded from operation of the proposal.

Officials from the **City of Raymore** indicated there would be no direct fiscal impact on employee salaries. However there would be a potential increase cost in the capital projects. We have no way of predicting that value.

Officials from **University of Missouri** indicated we do not see an impact on the University of Missouri System.

Officials from **University of Central Missouri** indicated no fiscal impact.

Officials from **Missouri State University** indicated there will be no fiscal impact to their university for this fiscal note.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the proposed statutory amendment will have no fiscal impact on their university.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

November 24, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Proposal 1 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 2 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 3 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 4 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 5 $15 by 2027 and Tipped Minimum Wage at 100% by 2028
Proposal 6 $15 by 2027 and Tipped Minimum Wage at 60% by 2024
Proposal 7 $14 by 2024 and Tipped Minimum Wage at 100% by 2028
Proposal 8 $14 by 2024 and Tipped Minimum Wage at 60% by 2024
Proposal 9 $13 by 2023 and Tipped Minimum Wage at 100% by 2028
Proposal 10 $13 by 2023 and Tipped Minimum Wage at 60% by 2024
Proposal 11 $12 by 2022 and Tipped Minimum Wage at 100% by 2028
Proposal 12 $12 by 2022 and Tipped Minimum Wage at 60% by 2024

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Minimum Wage Initiative Petitions.

The estimated net fiscal impact for each of the twelve versions of the initiative in the final phase-in year is summarized in the right-most column of Table 2 below. The estimated net fiscal impact for each version of the initiative for 2019 and 2020 – the first two fiscal years of implementation – is summarized in Table 3 below.

Our analysis estimates the impact of each of the twelve proposed initiative petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax, with some refinements. We also address certain claims that have been made by opponents in the past.

As these proposed initiatives exclude from the minimum wage increases public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Accordingly, we do not include in our analysis any such estimates.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for the Final Year of Minimum Wage Phase-In.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW Increase	Aggregate Annual Wage Increase in Nominal Dollars
1	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
2	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
3	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
4	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
5	2027	$ 15.00	$ 14.25	1,097,200	$ 8,058,515,525
6	2027	$ 15.00	$ 9.00	1,096,645	$ 7,908,877,243
7	2024	$ 14.00	$ 11.20	1,044,718	$ 7,064,599,152
8	2024	$ 14.00	$ 8.40	1,043,118	$ 6,985,083,230
9	2023	$ 13.00	$ 9.75	949,801	$ 5,741,687,801
10	2023	$ 13.00	$ 7.54	944,495	$ 5,682,599,137
11	2022	$ 12.00	$ 8.40	867,022	$ 4,552,685,065
12	2022	$ 12.00	$ 6.84	858,952	$ 4,517,542,341

Note: Author's Analysis of American Community Survey (ACS) Data from 2014.

Across the twelve proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $4.517 billion (Proposal 12) to a high of $8.294 billion under Proposals 1 and 3. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables 1 through 12 below.

The wage impact of an increase in the Missouri minimum wage is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the State of Missouri was downloaded from the US Census Bureau. The ACS was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15% above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015)). Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

All wage earners are included in this calculation. To be consistent with past estimates, public employees should have been excluded. Employees in the public sector were included because the ACS does not have a published variable that

allows for identification of public employees. This inclusion of public employees will have a minimal impact on our results.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual inflation was to adjust wages to 2015. For all subsequent years between 2016 and 2028, baseline wages were inflated by the annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twelve proposals were analyzed. For each proposal, we constructed a baseline wage scenario which used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twelve minimum wage proposed scenarios. Since the minimum wage proposals offered six different paths for raising the minimum wage for all non-tipped private sector workers, and two different wage paths for tipped workers (for each proposal), we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings on an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighting factor for that employee in the population. The total impact for the State of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next we review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that were true, then those employment reductions would result in reductions in state income and sales tax revenue or increases in unemployment-related costs to the state.

However, as explained in greater detail below, review of the most credible recent empirical research on the minimum wage shows that increases have had no discernible impact on aggregate employment levels. Larger $15 minimum wage increases, such as those adopted recently in New York, California, Seattle and other jurisdictions, have not yet been studied to determine whether the same holds true for them. While it is possible that there may be some employment

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. Larger counties and cities will also have almost all public employees earning more than the highest proposed minimum wage. Local public employees in small counties and towns may have some public employees who earn less than the highest proposed minimum.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders', 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers.'

losses from such larger minimum wage increases as the result of increased use of automation or other factors, we offset this potential negative effect by not also calculating the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason, and because of the likely increases in wages to individuals who earn above the proposed minimum wages, the wage and tax impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A meta-study—a formal statistical study of studies—by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the bulk of the studies find that higher minimum wages have had little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results. (Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations, vol. 47, no. 2, pp. 406–28.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2) Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport. (Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522–543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84–105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139–63; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106–138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in

response to the minimum-wage rise. About 90% of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28–29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433–44; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543–69.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Note too, we conclude the same as to small businesses. In fact, the proposed increases will not affect some small businesses as the state minimum wage law exempts individuals employed by any retail or service business that has a gross volume of sales made or business done of less than $500,000 annually. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs—both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the twelve minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with slightly higher prices (which would be taxable). Studies are mixed as to whether businesses increase prices by even small amounts when the minimum wage increases.

Increase in Personal Income Tax Revenue and Sales Tax Revenue Due to Increased Wages. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax. In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The State of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that was taxable.[3] The resulting rate was 30.3%.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state and local sale tax revenue, and in state income tax revenue, resulting from the increased wages would be as follows for the final year of the minimum wage phase-in, for each of the twelve versions of the initiative:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Final Year of Full Minimum Wage Phase-In.

Proposal	Final Year of Minimum Wage Phase-In	State & Local Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
1	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
2	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
3	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
4	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
5	2027	$ 175,239,175	$ 220,400,400	$ 395,639,574
6	2027	$ 171,985,165	$ 216,307,793	$ 388,292,957
7	2024	$ 153,625,630	$ 193,216,787	$ 346,842,417
8	2024	$ 151,896,490	$ 191,042,026	$ 342,938,516
9	2023	$ 124,857,814	$ 157,035,161	$ 281,892,975
10	2023	$ 123,572,881	$ 155,419,086	$ 278,991,968
11	2022	$ 99,001,953	$ 124,515,937	$ 223,517,889
12	2022	$ 98,237,745	$ 123,554,783	$ 221,792,528

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50% of the spending on the category "apparel and services" was taxable.

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures.

As described in Table 2 above, the final fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase-out. The estimates of the total fiscal benefit range from $221 million to $407 million annually.

Section 23.140, RSMo., indicates that the fiscal note shall address the cost of the proposed legislation to the state for the first two fiscal years—which, in the case of the proposed initiatives, will be 2019 and 2020. Table 3 below summarizes our projected total sales and personal income tax revenue increases for years 2019 and 2020 for each of the twelve versions of the initiative:

Table 3. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in 2019 & 2020

Proposal	Total Sales and Personal Income Tax Revenue Increase—2019	Total Sales and Personal Income Tax Revenue Increase—2020
1	$ 60,008,101	$ 88,368,944
2	$ 59,882,683	$ 88,058,046
3	$ 93,306,606	$ 123,377,155
4	$ 93,142,857	$ 122,961,967
5	$ 91,491,028	$ 117,027,046
6	$ 91,328,763	$ 116,631,083
7	$ 91,491,028	$ 127,734,685
8	$ 91,328,763	$ 127,305,194
9	$ 91,491,028	$ 127,734,685
10	$ 91,328,763	$ 127,305,194
11	$ 91,491,028	$ 127,734,685
12	$ 91,328,763	$ 127,305,194

Complete year-by-year summaries of the fiscal benefits for all twelve versions of the proposed initiative can be found in Appendix tables 1 through 12.

Please also consider the following with reference to section 23.140, RSMo. The proposed measures will not establish a program or agency that will duplicate an existing program or agency. There is not a federal mandate for the proposed measures (although the United States Department of Labor currently supports minimum wage increases). The proposed measures will not have significant direct fiscal impact upon political subdivisions of the state because the measures exclude employees of public employers. And, the proposed measures do not require new physical facilities. We reference the economic impact of the proposed measures on small businesses in Section II above.

We hope that this information is useful to your office as you prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action

Appendix

Table A. Summary of Minimum Wage Proposals and Rates by Year, 2015-2028

	Proposal 1 & 2			Proposal 3 & 4			Proposal 5 & 6			Proposal 7 & 8			Proposal 9 & 10			Proposal 11 & 12		
	$15 by 2026			$15 by 2026			$15 by 2027			$14 by 2024			$13 by 2023			$12 by 2022		
Year	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B
2015	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2016	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2017	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88
2018	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94
2019	**$ 8.00**	$ 4.40	$ 4.08	**$ 9.05**	$ 4.98	$ 4.62	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59
2020	$ 9.00	$ 5.40	$ 4.77	$ 9.90	$ 5.94	$ 5.25	$ 9.75	$ 5.85	$ 5.17	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30
2021	$ 10.00	$ 6.50	$ 5.50	$ 10.75	$ 6.99	$ 5.91	$ 10.50	$ 6.83	$ 5.78	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05
2022	$ 11.00	$ 7.70	$ 6.27	$ 11.60	$ 8.12	$ 6.61	$ 11.25	$ 7.88	$ 6.41	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84
2023	$ 12.00	$ 9.00	$ 6.96	$ 12.45	$ 9.34	$ 7.22	$ 12.00	$ 9.00	$ 6.96	$ 13.00	$ 9.75	$ 7.54	$ 13.00	$ 9.75	$ 7.54	$ 12.00	$ 9.00	$ 6.96
2024	$ 13.00	$ 10.40	$ 7.80	$ 13.30	$ 10.64	$ 7.98	$ 12.75	$ 10.20	$ 7.65	$ 14.00	$ 11.20	$ 8.40	$ 13.00	$ 10.40	$ 7.80	$ 12.00	$ 9.60	$ 7.20
2025	$ 14.00	$ 11.90	$ 8.40	$ 14.15	$ 12.03	$ 8.49	$ 13.50	$ 11.48	$ 8.10	$ 14.00	$ 11.90	$ 8.40	$ 13.00	$ 11.05	$ 7.80	$ 12.00	$ 10.20	$ 7.20
2026	$ 15.00	$ 13.50	$ 9.00	$ 15.00	$ 13.50	$ 9.00	$ 14.25	$ 12.83	$ 8.55	$ 14.00	$ 12.60	$ 8.40	$ 13.00	$ 11.70	$ 7.80	$ 12.00	$ 10.80	$ 7.20
2027	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 14.00	$ 13.30	$ 8.40	$ 13.00	$ 12.35	$ 7.80	$ 12.00	$ 11.40	$ 7.20
2028	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 14.00	$ 14.00	$ 8.40	$ 13.00	$ 13.00	$ 7.80	$ 12.00	$ 12.00	$ 7.20

Note: Assumed minimum wage rates under existing law between 2015 and 2018 listed in grey shading. 2017 and 2018 MW rates assumed to increase according to annual average increase in the CPI-U for the Midwest Region between 2010-2016.

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposal 1.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.40	2,864,237	421,788	14.7%	$ 1,222,264,515	$ 15,651,147	$ 10,928,020	$ 26,579,166	$ 33,428,934	$ 60,008,101
2020	$ 9.00	$ 5.40	2,881,586	530,380	18.4%	$ 1,799,927,399	$ 23,048,143	$ 16,092,787	$ 39,140,930	$ 49,228,014	$ 88,368,944
2021	$ 10.00	$ 6.50	2,899,041	631,957	21.8%	$ 2,517,558,520	$ 32,237,439	$ 22,508,981	$ 54,746,420	$ 68,855,226	$ 123,601,646
2022	$ 11.00	$ 7.70	2,916,602	745,172	25.5%	$ 3,377,968,920	$ 43,255,029	$ 30,201,736	$ 73,456,766	$ 92,387,450	$ 165,844,216
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	37.2%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposal 2.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.08	2,864,237	420,743	14.7%	$ 1,219,709,970	$ 15,618,436	$ 10,905,180	$ 26,523,616	$ 33,359,068	$ 59,882,683
2020	$ 9.00	$ 4.77	2,881,586	528,273	18.3%	$ 1,793,594,927	$ 22,967,056	$ 16,036,169	$ 39,003,225	$ 49,054,821	$ 88,058,046
2021	$ 10.00	$ 5.50	2,899,041	627,965	21.7%	$ 2,503,864,976	$ 32,062,093	$ 22,386,550	$ 54,448,643	$ 68,480,707	$ 122,929,350
2022	$ 11.00	$ 6.27	2,916,602	738,066	25.3%	$ 3,351,722,654	$ 42,918,945	$ 29,967,074	$ 72,886,019	$ 91,669,615	$ 164,555,633
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposal 3.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.98	2,864,237	548,462	19.1%	$ 1,900,499,300	$ 24,335,971	$ 16,991,980	$ 41,327,950	$ 51,978,656	$ 93,306,606
2020	$ 9.90	$ 5.94	2,881,586	636,153	22.1%	$ 2,512,986,014	$ 32,178,888	$ 22,468,099	$ 54,646,987	$ 68,730,167	$ 123,377,155
2021	$ 10.75	$ 6.99	2,899,041	729,185	25.2%	$ 3,223,130,691	$ 41,272,319	$ 28,817,359	$ 70,089,679	$ 88,152,624	$ 158,242,303
2022	$ 11.60	$ 8.12	2,916,602	824,162	28.3%	$ 4,059,707,011	$ 51,984,713	$ 36,297,019	$ 88,281,732	$ 111,032,987	$ 199,314,719
2023	$ 12.45	$ 9.34	2,934,269	893,537	30.5%	$ 4,990,737,937	$ 63,906,602	$ 44,621,178	$ 108,527,780	$ 136,496,683	$ 245,024,462
2024	$ 13.30	$ 10.64	2,952,043	959,658	32.5%	$ 6,000,441,052	$ 76,835,891	$ 53,648,729	$ 130,484,620	$ 164,112,063	$ 294,596,683
2025	$ 14.15	$ 12.03	2,969,924	1,040,572	35.0%	$ 7,099,877,251	$ 90,914,217	$ 63,478,565	$ 154,392,782	$ 194,181,643	$ 348,574,425
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposal 4.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.62	2,864,237	547,296	19.1%	$ 1,897,164,012	$ 24,293,262	$ 16,962,159	$ 41,255,422	$ 51,887,436	$ 93,142,857
2020	$ 9.90	$ 5.25	2,881,586	633,553	22.0%	$ 2,504,529,330	$ 32,070,600	$ 22,392,490	$ 54,463,090	$ 68,498,877	$ 122,961,967
2021	$ 10.75	$ 5.91	2,899,041	724,839	25.0%	$ 3,206,008,487	$ 41,053,069	$ 28,664,273	$ 69,717,342	$ 87,684,332	$ 157,401,674
2022	$ 11.60	$ 6.61	2,916,602	816,188	28.0%	$ 4,028,411,748	$ 51,583,976	$ 36,017,214	$ 87,601,190	$ 110,177,061	$ 197,778,251
2023	$ 12.45	$ 7.22	2,934,269	886,538	30.2%	$ 4,936,926,743	$ 63,217,547	$ 44,140,063	$ 107,357,610	$ 135,024,946	$ 242,382,557
2024	$ 13.30	$ 7.98	2,952,043	955,827	32.4%	$ 5,926,500,505	$ 75,889,080	$ 52,987,641	$ 128,876,721	$ 162,089,789	$ 290,966,510
2025	$ 14.15	$ 8.49	2,969,924	1,038,903	35.0%	$ 6,999,334,098	$ 89,626,757	$ 62,579,629	$ 152,206,387	$ 191,431,788	$ 343,638,174
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 5.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 9.75	$ 5.85	2,881,586	616,817	21.4%	$ 2,383,644,943	$ 30,522,670	$ 21,311,687	$ 51,834,357	$ 65,192,689	$ 117,027,046
2021	$ 10.50	$ 6.83	2,899,041	689,691	23.8%	$ 2,975,549,883	$ 38,102,037	$ 26,603,789	$ 64,705,826	$ 81,381,289	$ 146,087,116
2022	$ 11.25	$ 7.88	2,916,602	784,685	26.9%	$ 3,651,492,961	$ 46,757,516	$ 32,647,259	$ 79,404,775	$ 99,868,332	$ 179,273,108
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.75	$ 10.20	2,952,043	904,578	30.6%	$ 5,237,058,923	$ 67,060,752	$ 46,823,484	$ 113,884,236	$ 143,233,562	$ 257,117,798
2025	$ 13.50	$ 11.48	2,969,924	959,850	32.3%	$ 6,114,487,630	$ 78,296,262	$ 54,668,396	$ 132,964,659	$ 167,231,237	$ 300,195,895
2026	$ 14.25	$ 12.83	2,987,914	1,026,895	34.4%	$ 7,054,339,607	$ 90,331,105	$ 63,071,423	$ 153,402,528	$ 192,936,188	$ 346,338,716
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 6.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 9.75	$ 5.17	2,881,586	614,272	21.3%	$ 2,375,579,835	$ 30,419,396	$ 21,239,578	$ 51,658,975	$ 64,972,108	$ 116,631,083
2021	$ 10.50	$ 5.78	2,899,041	684,908	23.6%	$ 2,959,643,079	$ 37,898,350	$ 26,461,570	$ 64,359,920	$ 80,946,238	$ 145,306,158
2022	$ 11.25	$ 6.41	2,916,602	777,265	26.6%	$ 3,623,087,338	$ 46,393,781	$ 32,393,291	$ 78,787,071	$ 99,091,439	$ 177,878,510
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.75	$ 7.65	2,952,043	899,272	30.5%	$ 5,168,339,574	$ 66,180,798	$ 46,209,078	$ 112,389,876	$ 141,354,087	$ 253,743,963
2025	$ 13.50	$ 8.10	2,969,924	956,019	32.2%	$ 6,020,031,489	$ 77,086,748	$ 53,823,883	$ 130,910,631	$ 164,647,861	$ 295,558,492
2026	$ 14.25	$ 8.55	2,987,914	1,024,719	34.3%	$ 6,932,879,471	$ 88,775,803	$ 61,985,472	$ 150,761,275	$ 189,614,254	$ 340,375,529
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 7.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 14.00	$ 11.20	2,952,043	1,044,718	35.4%	$ 7,064,599,152	$ 90,462,479	$ 63,163,151	$ 153,625,630	$ 193,216,787	$ 346,842,417
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 14.00	$ 12.60	2,987,914	997,728	33.4%	$ 6,669,196,152	$ 85,399,328	$ 59,627,933	$ 145,027,260	$ 182,402,515	$ 327,429,775
2027	$ 14.00	$ 13.30	3,006,013	971,739	32.3%	$ 6,480,542,208	$ 82,983,606	$ 57,941,216	$ 140,924,822	$ 177,242,829	$ 318,167,652
2028	$ 14.00	$ 14.00	3,024,222	950,955	31.4%	$ 6,298,798,887	$ 80,656,376	$ 56,316,286	$ 136,972,661	$ 172,272,150	$ 309,244,811

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 8.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 14.00	$ 8.40	2,952,043	1,043,118	35.3%	$ 6,985,083,230	$ 89,444,274	$ 62,452,215	$ 151,896,490	$ 191,042,026	$ 342,938,516
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 14.00	$ 8.40	2,987,914	994,829	33.3%	$ 6,550,573,334	$ 83,880,358	$ 58,567,350	$ 142,447,708	$ 179,158,181	$ 321,605,889
2027	$ 14.00	$ 8.40	3,006,013	968,537	32.2%	$ 6,342,493,856	$ 81,215,891	$ 56,706,954	$ 137,922,845	$ 173,467,207	$ 311,390,052
2028	$ 14.00	$ 8.40	3,024,222	947,055	31.3%	$ 6,141,467,687	$ 78,641,743	$ 54,909,619	$ 133,551,363	$ 167,969,141	$ 301,520,504

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 9.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 13.00	$ 11.05	2,969,924	909,631	30.6%	$ 5,416,478,901	$ 69,358,232	$ 48,427,641	$ 117,785,874	$ 148,140,698	$ 265,926,572
2026	$ 13.00	$ 11.70	2,987,914	893,063	29.9%	$ 5,260,207,202	$ 67,357,167	$ 47,030,448	$ 114,387,615	$ 143,866,667	$ 258,254,282
2027	$ 13.00	$ 12.35	3,006,013	876,584	29.2%	$ 5,106,957,524	$ 65,394,799	$ 45,660,274	$ 111,055,072	$ 139,675,288	$ 250,730,360
2028	$ 13.00	$ 13.00	3,024,222	857,479	28.4%	$ 4,956,685,598	$ 63,470,560	$ 44,316,723	$ 107,787,283	$ 135,565,351	$ 243,352,634

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 10.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 13.00	$ 7.80	2,969,924	904,418	30.5%	$ 5,327,596,215	$ 68,220,086	$ 47,632,959	$ 115,853,045	$ 145,709,756	$ 261,562,802
2026	$ 13.00	$ 7.80	2,987,914	887,266	29.7%	$ 5,153,689,112	$ 65,993,198	$ 46,078,091	$ 112,071,290	$ 140,953,397	$ 253,024,687
2027	$ 13.00	$ 7.80	3,006,013	870,278	29.0%	$ 4,982,946,968	$ 63,806,838	$ 44,551,520	$ 108,358,359	$ 136,283,600	$ 244,641,958
2028	$ 13.00	$ 7.80	3,024,222	850,799	28.1%	$ 4,815,248,660	$ 61,659,455	$ 43,052,164	$ 104,711,618	$ 131,697,051	$ 236,408,669

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 11.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.00	$ 9.60	2,952,043	831,622	28.2%	$ 4,281,776,630	$ 54,828,324	$ 38,282,498	$ 93,110,822	$ 117,106,591	$ 210,217,413
2025	$ 12.00	$ 10.20	2,969,924	813,271	27.4%	$ 4,150,695,234	$ 53,149,821	$ 37,110,526	$ 90,260,347	$ 113,521,515	$ 203,781,862
2026	$ 12.00	$ 10.80	2,987,914	799,427	26.8%	$ 4,022,314,218	$ 51,505,897	$ 35,962,697	$ 87,468,594	$ 110,010,294	$ 197,478,888
2027	$ 12.00	$ 11.40	3,006,013	772,796	25.7%	$ 3,898,371,841	$ 49,918,810	$ 34,854,554	$ 84,773,363	$ 106,620,470	$ 191,393,833
2028	$ 12.00	$ 12.00	3,024,222	748,806	24.8%	$ 3,780,440,095	$ 48,408,689	$ 33,800,150	$ 82,208,839	$ 103,395,037	$ 185,603,875

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 12.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.00	$ 7.20	2,952,043	824,019	27.9%	$ 4,221,332,779	$ 54,054,338	$ 37,742,082	$ 91,796,420	$ 115,453,451	$ 207,249,871
2025	$ 12.00	$ 7.20	2,969,924	805,089	27.1%	$ 4,074,348,740	$ 52,172,201	$ 36,427,927	$ 88,600,128	$ 111,433,438	$ 200,033,567
2026	$ 12.00	$ 7.20	2,987,914	790,442	26.5%	$ 3,930,187,607	$ 50,326,212	$ 35,139,012	$ 85,465,224	$ 107,490,631	$ 192,955,855
2027	$ 12.00	$ 7.20	3,006,013	763,507	25.4%	$ 3,790,569,472	$ 48,538,396	$ 33,890,714	$ 82,429,110	$ 103,672,075	$ 186,101,185
2028	$ 12.00	$ 7.20	3,024,222	739,084	24.4%	$ 3,657,027,733	$ 46,828,389	$ 32,696,745	$ 79,525,133	$ 100,019,709	$ 179,544,842

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

Edward D. Greim
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December 14, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-073 through 2018-084

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-073 through 2018-084 (the "Initiative Petitions"). If passed, any of these twelve initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a near doubling of the minimum wage to $15—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second

effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 68.54% (($15-$8.90)/$8.90) in Initiative Petitions 2018-073 through 2018-076 to a wage increase of 42.01% (($15-$8.45)/$8.45) in Initiative Petitions 2018-083 through 2018-084.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than

private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, as well as in Dr. Macpherson's 2014 report, attached hereto as **Exhibit A and Exhibit B**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that the initiative is "likely to result in significant costs to state and local governmental entities" through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307

2009	210.526	-0.0267124
2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05
2027	$9.20

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk

calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it anticipates a state level change to $15.00. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2022	$8.45	$12.00	42.01%	28.44%	225,876	64,244
2023	$8.60	$13.00	51.16%	34.64%	275,076	95,279
2024	$8.75	$14.00	60.00%	40.62%	322,589	131,036
2026	$9.05	$15.00	65.75%	44.51%	353,481	157,334
2027	$9.20	$15.00	63.04%	42.68%	338,952	144,666

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer

payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.30 per week,

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. The expected unemployment weekly benefit amount of a worker making $13.99 an hour is $290.99 per week. The expected unemployment weekly benefit amount of a worker making $14.99 an hour is $311.79 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-073 through 2018-078, [($159.30+$311.79)/2]*20 = $4,710.90
- For Initiative Petitions 2018-079 through 2018-080, [($159.30+$290.99)/2]*20 = $4,502.90
- For Initiative Petitions 2018-081 through 2018-082, [($159.30+$270.19)/2]*20 = $4,294.90
- For Initiative Petitions 2018-083 through 2018-084, [($159.30+$249.39)/2]*20 = $4,086.90

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Benefits Paid	Average Cost of Annual Unemployment Benefits Paid by State
2022 ($12)	64,244	$4,086.90	$91,895,081.93	$22,973,770.48
2023 ($13)	95,279	$4,294.90	$143,224,223.60	$28,644,844.72

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2024 ($14)	131,036	$4,502.90	$206,514,130.35	$34,419,021.73
2026 ($15)	157,334	$4,710.90	$259,415,324.82	$32,426,915.60
2027 ($15)	144,666	$4,710.90	$238,527,470.79	$26,503,052.31

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2022 ($12)	225,876	64,244	161,632	$596,746,272.84	$237,187,559.20
2023 ($13)	275,076	95,279	179,797	$822,752,260.32	$336,905,136.41
2024 ($14)	322,589	131,036	191,553	$1,045,881,167.64	$442,900,455.01
2026 ($15)	353,481	157,334	196,147	$1,213,758,000.24	$482,701,950.51
2027 ($15)	338,952	144,666	194,286	$1,171,933,152.00	$421,267,392.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be

less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$359,558,713.64	$10,786,761.41	$16,180,142.11
$485,847,123.91	$14,575,413.72	$21,863,120.58
$602,980,712.63	$18,089,421.38	$27,134,132.07
$731,056,049.73	$21,931,681.49	$32,897,522.24
$750,665,760.00	$22,519,972.80	$33,779,959.20

Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage in Final Year of Increase	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2022 ($12)	$642,397,362.71	$40,149,835.17	$20,074,917.58
2023 ($13)	$885,692,808.24	$55,355,800.51	$27,677,900.26
2024 ($14)	$1,125,891,076.96	$70,368,192.31	$35,184,096.16
2026 ($15)	$1,306,610,487.26	$81,663,155.45	$40,831,577.73
2027 ($15)	$1,261,586,038.13	$78,849,127.38	$39,424,563.69

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2022 ($12)	($3,894,775.47)
2023 ($13)	($5,814,779.68)
2024 ($14)	($8,049,964.09)
2026 ($15)	($7,934,055.49)
2027 ($15)	($5,644,604.49)

4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.

calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2022 ($12)	$359,558,714	$89,889,678	$642,397,363	($96,359,604)
2023 ($13)	$485,847,124	$121,461,781	$885,692,808	($132,853,921)
2024 ($14)	$602,980,713	$150,745,178	$1,125,891,077	($168,883,662)
2025 ($15)	$731,056,050	$182,764,012	$1,306,610,487	($195,991,573)
2026 ($15)	$750,665,760	$187,666,440	$1,261,586,038	($189,237,906)

Accordingly, the annual net losses in sales tax revenue, and total tax losses are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Loss in State Sales Tax	Total Annual Loss in State Tax Revenue	Annual Net Loss in Local Sales Tax
2022 ($12)	($3,894,775.47)	($273,354.37)	($4,168,129.84)	($231,946.85)
2023 ($13)	($5,814,779.68)	($481,317.93)	($6,296,097.61)	($408,408.23)
2024 ($14)	($8,049,964.09)	($766,350.92)	($8,816,315.01)	($650,264.63)
2026 ($15)	($7,934,055.49)	($558,864.44)	($8,492,919.93)	($474,208.05)
2027 ($15)	($5,644,604.49)	($66,394.43)	($5,710,998.92)	($56,337.05)

[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

Graves Garrett LLC

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

EXHIBIT
A
exhibitsticker.com

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

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3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

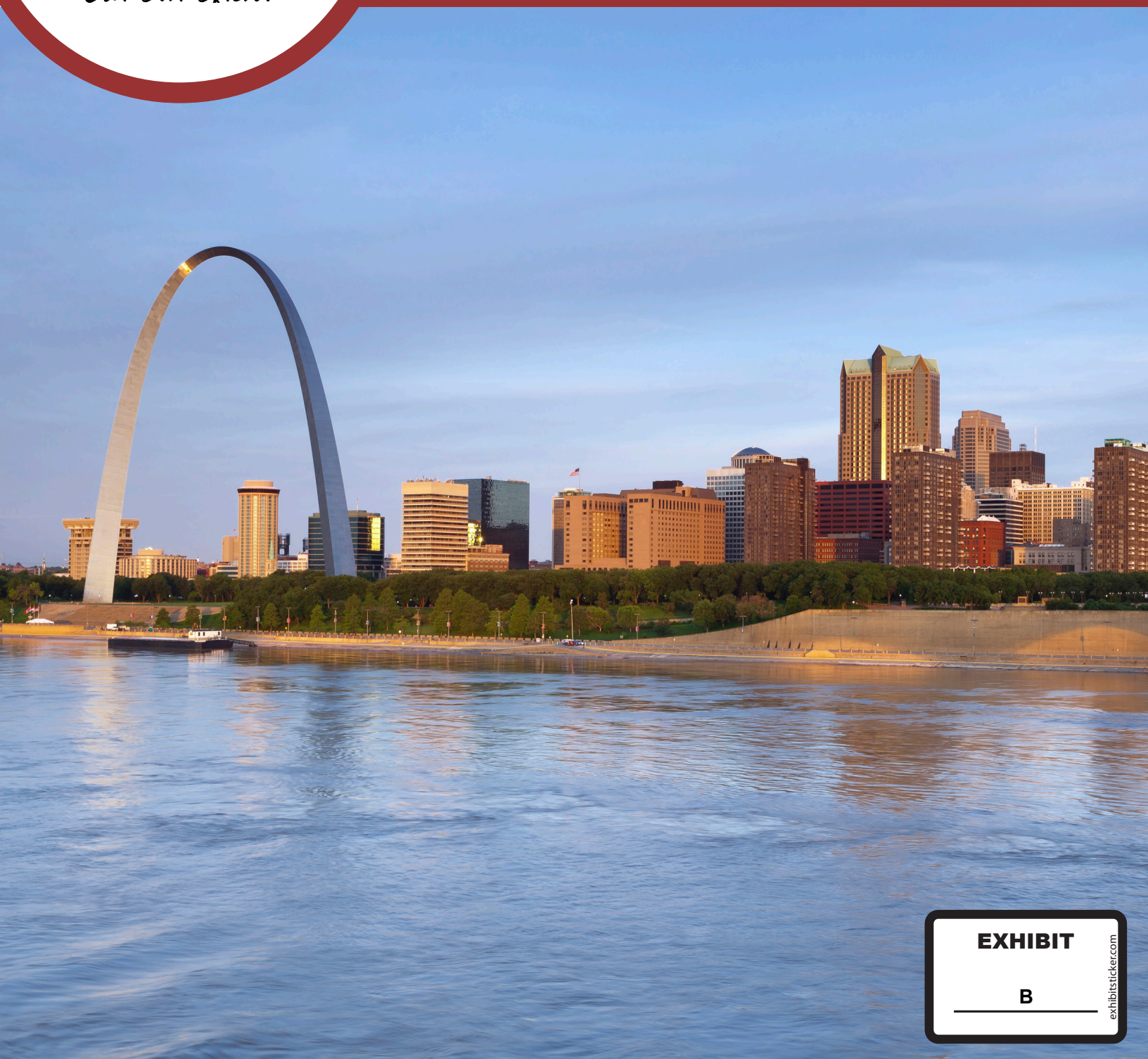
26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
Eat Out Often!

TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University,**. **Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $9.5 million decrease to a $347 million increase depending on business decisions.

STATE AUDITOR'S OFFICE
RECEIVED
DEC 06 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 6, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 6 (2018-078)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on December 5, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
DEC 05 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.75 per hour, effective January 1 of each of the next eight years, until it reaches $15.00 per hour, effective January 1, 2027. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2028, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-one percent, effective January 1, 2019;
(2) fifty-three, effective January 1, 2020;
(3) fifty-five percent, effective January 1, 2021;
(4) fifty-seven percent, effective January 1, 2022;
(5) fifty-eight percent, effective January 1, 2023;
(6) sixty percent, effective January 1, 2024;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at

the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-078)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received December 6, 2016)

Date

December 22, 2016

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will defer to the Office of Administration regarding any costs associated with this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department because public employers are exempt.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated it appears Sections 290.502.4 and 290.512.3 would exclude public employers from the provisions of 290.502 subsection (3) and 290.512 subsection (2). They are a part of the definition of public employers. Therefore they assume there would be no direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. They defer to the Office of Administration - Budget and

Planning Division for a statewide response on how this petition may impact state revenues.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to this fiscal note request.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration (OA)** indicated this proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $9.00 per hour, beginning January 1, 2019 and by another $0.75 per hour each year until it reaches $15.00 per hour beginning January 1, 2027. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 51% of the minimum wage rate to tipped employees. Each year thereafter the rate increases until January 1, 2024 when tipped employees should be paid 60% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact for their office as it would be exempt from the provisions set forth in the petition.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted because cities are excluded from operation of the proposal.

Officials from the **City of Raymore** indicated there would be no direct fiscal impact on employee salaries. However there would be a potential increase cost in the capital projects. We have no way of predicting that value.

Officials from **University of Missouri** indicated we do not see an impact on the University of Missouri System.

Officials from **University of Central Missouri** indicated no fiscal impact.

Officials from **Missouri State University** indicated there will be no fiscal impact to their university for this fiscal note.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the proposed statutory amendment will have no fiscal impact on their university.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

November 24, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Proposal 1 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 2 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 3 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 4 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 5 $15 by 2027 and Tipped Minimum Wage at 100% by 2028
Proposal 6 $15 by 2027 and Tipped Minimum Wage at 60% by 2024
Proposal 7 $14 by 2024 and Tipped Minimum Wage at 100% by 2028
Proposal 8 $14 by 2024 and Tipped Minimum Wage at 60% by 2024
Proposal 9 $13 by 2023 and Tipped Minimum Wage at 100% by 2028
Proposal 10 $13 by 2023 and Tipped Minimum Wage at 60% by 2024
Proposal 11 $12 by 2022 and Tipped Minimum Wage at 100% by 2028
Proposal 12 $12 by 2022 and Tipped Minimum Wage at 60% by 2024

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Minimum Wage Initiative Petitions.

The estimated net fiscal impact for each of the twelve versions of the initiative in the final phase-in year is summarized in the right-most column of Table 2 below. The estimated net fiscal impact for each version of the initiative for 2019 and 2020 – the first two fiscal years of implementation – is summarized in Table 3 below.

Our analysis estimates the impact of each of the twelve proposed initiative petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax, with some refinements. We also address certain claims that have been made by opponents in the past.

As these proposed initiatives exclude from the minimum wage increases public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Accordingly, we do not include in our analysis any such estimates.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for the Final Year of Minimum Wage Phase-In.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW Increase	Aggregate Annual Wage Increase in Nominal Dollars
1	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
2	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
3	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
4	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
5	2027	$ 15.00	$ 14.25	1,097,200	$ 8,058,515,525
6	2027	$ 15.00	$ 9.00	1,096,645	$ 7,908,877,243
7	2024	$ 14.00	$ 11.20	1,044,718	$ 7,064,599,152
8	2024	$ 14.00	$ 8.40	1,043,118	$ 6,985,083,230
9	2023	$ 13.00	$ 9.75	949,801	$ 5,741,687,801
10	2023	$ 13.00	$ 7.54	944,495	$ 5,682,599,137
11	2022	$ 12.00	$ 8.40	867,022	$ 4,552,685,065
12	2022	$ 12.00	$ 6.84	858,952	$ 4,517,542,341

Note: Author's Analysis of American Community Survey (ACS) Data from 2014.

Across the twelve proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $4.517 billion (Proposal 12) to a high of $8.294 billion under Proposals 1 and 3. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables 1 through 12 below.

The wage impact of an increase in the Missouri minimum wage is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the State of Missouri was downloaded from the US Census Bureau. The ACS was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15% above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015)). Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

All wage earners are included in this calculation. To be consistent with past estimates, public employees should have been excluded. Employees in the public sector were included because the ACS does not have a published variable that

allows for identification of public employees. This inclusion of public employees will have a minimal impact on our results.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual inflation was to adjust wages to 2015. For all subsequent years between 2016 and 2028, baseline wages were inflated by the annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twelve proposals were analyzed. For each proposal, we constructed a baseline wage scenario which used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twelve minimum wage proposed scenarios. Since the minimum wage proposals offered six different paths for raising the minimum wage for all non-tipped private sector workers, and two different wage paths for tipped workers (for each proposal), we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings on an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighting factor for that employee in the population. The total impact for the State of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next we review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that were true, then those employment reductions would result in reductions in state income and sales tax revenue or increases in unemployment-related costs to the state.

However, as explained in greater detail below, review of the most credible recent empirical research on the minimum wage shows that increases have had no discernible impact on aggregate employment levels. Larger $15 minimum wage increases, such as those adopted recently in New York, California, Seattle and other jurisdictions, have not yet been studied to determine whether the same holds true for them. While it is possible that there may be some employment

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. Larger counties and cities will also have almost all public employees earning more than the highest proposed minimum wage. Local public employees in small counties and towns may have some public employees who earn less than the highest proposed minimum.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders', 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers.'

losses from such larger minimum wage increases as the result of increased use of automation or other factors, we offset this potential negative effect by not also calculating the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason, and because of the likely increases in wages to individuals who earn above the proposed minimum wages, the wage and tax impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A meta-study—a formal statistical study of studies—by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the bulk of the studies find that higher minimum wages have had little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results. (Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations, vol. 47, no. 2, pp. 406–28.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2) Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport. (Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522–543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84–105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139–63; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106–138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in

response to the minimum-wage rise. About 90% of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28–29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433–44; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543–69.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Note too, we conclude the same as to small businesses. In fact, the proposed increases will not affect some small businesses as the state minimum wage law exempts individuals employed by any retail or service business that has a gross volume of sales made or business done of less than $500,000 annually. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs—both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the twelve minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with slightly higher prices (which would be taxable). Studies are mixed as to whether businesses increase prices by even small amounts when the minimum wage increases.

Increase in Personal Income Tax Revenue and Sales Tax Revenue Due to Increased Wages. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax. In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The State of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that was taxable.[3] The resulting rate was 30.3%.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state and local sale tax revenue, and in state income tax revenue, resulting from the increased wages would be as follows for the final year of the minimum wage phase-in, for each of the twelve versions of the initiative:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Final Year of Full Minimum Wage Phase-In.

Proposal	Final Year of Minimum Wage Phase-In	State & Local Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
1	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
2	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
3	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
4	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
5	2027	$ 175,239,175	$ 220,400,400	$ 395,639,574
6	2027	$ 171,985,165	$ 216,307,793	$ 388,292,957
7	2024	$ 153,625,630	$ 193,216,787	$ 346,842,417
8	2024	$ 151,896,490	$ 191,042,026	$ 342,938,516
9	2023	$ 124,857,814	$ 157,035,161	$ 281,892,975
10	2023	$ 123,572,881	$ 155,419,086	$ 278,991,968
11	2022	$ 99,001,953	$ 124,515,937	$ 223,517,889
12	2022	$ 98,237,745	$ 123,554,783	$ 221,792,528

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50% of the spending on the category "apparel and services" was taxable.

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures.

As described in Table 2 above, the final fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase-out. The estimates of the total fiscal benefit range from $221 million to $407 million annually.

Section 23.140, RSMo., indicates that the fiscal note shall address the cost of the proposed legislation to the state for the first two fiscal years—which, in the case of the proposed initiatives, will be 2019 and 2020. Table 3 below summarizes our projected total sales and personal income tax revenue increases for years 2019 and 2020 for each of the twelve versions of the initiative:

Table 3. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in 2019 & 2020

Proposal	Total Sales and Personal Income Tax Revenue Increase—2019	Total Sales and Personal Income Tax Revenue Increase—2020
1	$ 60,008,101	$ 88,368,944
2	$ 59,882,683	$ 88,058,046
3	$ 93,306,606	$ 123,377,155
4	$ 93,142,857	$ 122,961,967
5	$ 91,491,028	$ 117,027,046
6	$ 91,328,763	$ 116,631,083
7	$ 91,491,028	$ 127,734,685
8	$ 91,328,763	$ 127,305,194
9	$ 91,491,028	$ 127,734,685
10	$ 91,328,763	$ 127,305,194
11	$ 91,491,028	$ 127,734,685
12	$ 91,328,763	$ 127,305,194

Complete year-by-year summaries of the fiscal benefits for all twelve versions of the proposed initiative can be found in Appendix tables 1 through 12.

Please also consider the following with reference to section 23.140, RSMo. The proposed measures will not establish a program or agency that will duplicate an existing program or agency. There is not a federal mandate for the proposed measures (although the United States Department of Labor currently supports minimum wage increases). The proposed measures will not have significant direct fiscal impact upon political subdivisions of the state because the measures exclude employees of public employers. And, the proposed measures do not require new physical facilities. We reference the economic impact of the proposed measures on small businesses in Section II above.

We hope that this information is useful to your office as you prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action

Appendix

Table A. Summary of Minimum Wage Proposals and Rates by Year, 2015-2028

	Proposal 1 & 2			Proposal 3 & 4			Proposal 5 & 6			Proposal 7 & 8			Proposal 9 & 10			Proposal 11 & 12		
	$15 by 2026			$15 by 2026			$15 by 2027			$14 by 2024			$13 by 2023			$12 by 2022		
Year	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B
2015	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2016	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2017	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88
2018	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94
2019	**$ 8.00**	$ 4.40	$ 4.08	**$ 9.05**	$ 4.98	$ 4.62	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59
2020	$ 9.00	$ 5.40	$ 4.77	$ 9.90	$ 5.94	$ 5.25	$ 9.75	$ 5.85	$ 5.17	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30
2021	$ 10.00	$ 6.50	$ 5.50	$ 10.75	$ 6.99	$ 5.91	$ 10.50	$ 6.83	$ 5.78	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05
2022	$ 11.00	$ 7.70	$ 6.27	$ 11.60	$ 8.12	$ 6.61	$ 11.25	$ 7.88	$ 6.41	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84
2023	$ 12.00	$ 9.00	$ 6.96	$ 12.45	$ 9.34	$ 7.22	$ 12.00	$ 9.00	$ 6.96	$ 13.00	$ 9.75	$ 7.54	$ 13.00	$ 9.75	$ 7.54	$ 12.00	$ 9.00	$ 6.96
2024	$ 13.00	$ 10.40	$ 7.80	$ 13.30	$ 10.64	$ 7.98	$ 12.75	$ 10.20	$ 7.65	$ 14.00	$ 11.20	$ 8.40	$ 13.00	$ 10.40	$ 7.80	$ 12.00	$ 9.60	$ 7.20
2025	$ 14.00	$ 11.90	$ 8.40	$ 14.15	$ 12.03	$ 8.49	$ 13.50	$ 11.48	$ 8.10	$ 14.00	$ 11.90	$ 8.40	$ 13.00	$ 11.05	$ 7.80	$ 12.00	$ 10.20	$ 7.20
2026	$ 15.00	$ 13.50	$ 9.00	$ 15.00	$ 13.50	$ 9.00	$ 14.25	$ 12.83	$ 8.55	$ 14.00	$ 12.60	$ 8.40	$ 13.00	$ 11.70	$ 7.80	$ 12.00	$ 10.80	$ 7.20
2027	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 14.00	$ 13.30	$ 8.40	$ 13.00	$ 12.35	$ 7.80	$ 12.00	$ 11.40	$ 7.20
2028	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 14.00	$ 14.00	$ 8.40	$ 13.00	$ 13.00	$ 7.80	$ 12.00	$ 12.00	$ 7.20

Note: Assumed minimum wage rates under existing law between 2015 and 2018 listed in grey shading. 2017 and 2018 MW rates assumed to increase according to annual average increase in the CPI-U for the Midwest Region between 2010-2016.

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposal 1.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.40	2,864,237	421,788	14.7%	$ 1,222,264,515	$ 15,651,147	$ 10,928,020	$ 26,579,166	$ 33,428,934	$ 60,008,101
2020	$ 9.00	$ 5.40	2,881,586	530,380	18.4%	$ 1,799,927,399	$ 23,048,143	$ 16,092,787	$ 39,140,930	$ 49,228,014	$ 88,368,944
2021	$ 10.00	$ 6.50	2,899,041	631,957	21.8%	$ 2,517,558,520	$ 32,237,439	$ 22,508,981	$ 54,746,420	$ 68,855,226	$ 123,601,646
2022	$ 11.00	$ 7.70	2,916,602	745,172	25.5%	$ 3,377,968,920	$ 43,255,029	$ 30,201,736	$ 73,456,766	$ 92,387,450	$ 165,844,216
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	37.2%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposal 2.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.08	2,864,237	420,743	14.7%	$ 1,219,709,970	$ 15,618,436	$ 10,905,180	$ 26,523,616	$ 33,359,068	$ 59,882,683
2020	$ 9.00	$ 4.77	2,881,586	528,273	18.3%	$ 1,793,594,927	$ 22,967,056	$ 16,036,169	$ 39,003,225	$ 49,054,821	$ 88,058,046
2021	$ 10.00	$ 5.50	2,899,041	627,965	21.7%	$ 2,503,864,976	$ 32,062,093	$ 22,386,550	$ 54,448,643	$ 68,480,707	$ 122,929,350
2022	$ 11.00	$ 6.27	2,916,602	738,066	25.3%	$ 3,351,722,654	$ 42,918,945	$ 29,967,074	$ 72,886,019	$ 91,669,615	$ 164,555,633
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposal 3.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.98	2,864,237	548,462	19.1%	$ 1,900,499,300	$ 24,335,971	$ 16,991,980	$ 41,327,950	$ 51,978,656	$ 93,306,606
2020	$ 9.90	$ 5.94	2,881,586	636,153	22.1%	$ 2,512,986,014	$ 32,178,888	$ 22,468,099	$ 54,646,987	$ 68,730,167	$ 123,377,155
2021	$ 10.75	$ 6.99	2,899,041	729,185	25.2%	$ 3,223,130,691	$ 41,272,319	$ 28,817,359	$ 70,089,679	$ 88,152,624	$ 158,242,303
2022	$ 11.60	$ 8.12	2,916,602	824,162	28.3%	$ 4,059,707,011	$ 51,984,713	$ 36,297,019	$ 88,281,732	$ 111,032,987	$ 199,314,719
2023	$ 12.45	$ 9.34	2,934,269	893,537	30.5%	$ 4,990,737,937	$ 63,906,602	$ 44,621,178	$ 108,527,780	$ 136,496,683	$ 245,024,462
2024	$ 13.30	$ 10.64	2,952,043	959,658	32.5%	$ 6,000,441,052	$ 76,835,891	$ 53,648,729	$ 130,484,620	$ 164,112,063	$ 294,596,683
2025	$ 14.15	$ 12.03	2,969,924	1,040,572	35.0%	$ 7,099,877,251	$ 90,914,217	$ 63,478,565	$ 154,392,782	$ 194,181,643	$ 348,574,425
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposal 4.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.62	2,864,237	547,296	19.1%	$ 1,897,164,012	$ 24,293,262	$ 16,962,159	$ 41,255,422	$ 51,887,436	$ 93,142,857
2020	$ 9.90	$ 5.25	2,881,586	633,553	22.0%	$ 2,504,529,330	$ 32,070,600	$ 22,392,490	$ 54,463,090	$ 68,498,877	$ 122,961,967
2021	$ 10.75	$ 5.91	2,899,041	724,839	25.0%	$ 3,206,008,487	$ 41,053,069	$ 28,664,273	$ 69,717,342	$ 87,684,332	$ 157,401,674
2022	$ 11.60	$ 6.61	2,916,602	816,188	28.0%	$ 4,028,411,748	$ 51,583,976	$ 36,017,214	$ 87,601,190	$ 110,177,061	$ 197,778,251
2023	$ 12.45	$ 7.22	2,934,269	886,538	30.2%	$ 4,936,926,743	$ 63,217,547	$ 44,140,063	$ 107,357,610	$ 135,024,946	$ 242,382,557
2024	$ 13.30	$ 7.98	2,952,043	955,827	32.4%	$ 5,926,500,505	$ 75,889,080	$ 52,987,641	$ 128,876,721	$ 162,089,789	$ 290,966,510
2025	$ 14.15	$ 8.49	2,969,924	1,038,903	35.0%	$ 6,999,334,098	$ 89,626,757	$ 62,579,629	$ 152,206,387	$ 191,431,788	$ 343,638,174
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 5.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 9.75	$ 5.85	2,881,586	616,817	21.4%	$ 2,383,644,943	$ 30,522,670	$ 21,311,687	$ 51,834,357	$ 65,192,689	$ 117,027,046
2021	$ 10.50	$ 6.83	2,899,041	689,691	23.8%	$ 2,975,549,883	$ 38,102,037	$ 26,603,789	$ 64,705,826	$ 81,381,289	$ 146,087,116
2022	$ 11.25	$ 7.88	2,916,602	784,685	26.9%	$ 3,651,492,961	$ 46,757,516	$ 32,647,259	$ 79,404,775	$ 99,868,332	$ 179,273,108
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.75	$ 10.20	2,952,043	904,578	30.6%	$ 5,237,058,923	$ 67,060,752	$ 46,823,484	$ 113,884,236	$ 143,233,562	$ 257,117,798
2025	$ 13.50	$ 11.48	2,969,924	959,850	32.3%	$ 6,114,487,630	$ 78,296,262	$ 54,668,396	$ 132,964,659	$ 167,231,237	$ 300,195,895
2026	$ 14.25	$ 12.83	2,987,914	1,026,895	34.4%	$ 7,054,339,607	$ 90,331,105	$ 63,071,423	$ 153,402,528	$ 192,936,188	$ 346,338,716
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 6.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 9.75	$ 5.17	2,881,586	614,272	21.3%	$ 2,375,579,835	$ 30,419,396	$ 21,239,578	$ 51,658,975	$ 64,972,108	$ 116,631,083
2021	$ 10.50	$ 5.78	2,899,041	684,908	23.6%	$ 2,959,643,079	$ 37,898,350	$ 26,461,570	$ 64,359,920	$ 80,946,238	$ 145,306,158
2022	$ 11.25	$ 6.41	2,916,602	777,265	26.6%	$ 3,623,087,338	$ 46,393,781	$ 32,393,291	$ 78,787,071	$ 99,091,439	$ 177,878,510
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.75	$ 7.65	2,952,043	899,272	30.5%	$ 5,168,339,574	$ 66,180,798	$ 46,209,078	$ 112,389,876	$ 141,354,087	$ 253,743,963
2025	$ 13.50	$ 8.10	2,969,924	956,019	32.2%	$ 6,020,031,489	$ 77,086,748	$ 53,823,883	$ 130,910,631	$ 164,647,861	$ 295,558,492
2026	$ 14.25	$ 8.55	2,987,914	1,024,719	34.3%	$ 6,932,879,471	$ 88,775,803	$ 61,985,472	$ 150,761,275	$ 189,614,254	$ 340,375,529
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 7.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 14.00	$ 11.20	2,952,043	1,044,718	35.4%	$ 7,064,599,152	$ 90,462,479	$ 63,163,151	$ 153,625,630	$ 193,216,787	$ 346,842,417
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 14.00	$ 12.60	2,987,914	997,728	33.4%	$ 6,669,196,152	$ 85,399,328	$ 59,627,933	$ 145,027,260	$ 182,402,515	$ 327,429,775
2027	$ 14.00	$ 13.30	3,006,013	971,739	32.3%	$ 6,480,542,208	$ 82,983,606	$ 57,941,216	$ 140,924,822	$ 177,242,829	$ 318,167,652
2028	$ 14.00	$ 14.00	3,024,222	950,955	31.4%	$ 6,298,798,887	$ 80,656,376	$ 56,316,286	$ 136,972,661	$ 172,272,150	$ 309,244,811

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 8.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 14.00	$ 8.40	2,952,043	1,043,118	35.3%	$ 6,985,083,230	$ 89,444,274	$ 62,452,215	$ 151,896,490	$ 191,042,026	$ 342,938,516
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 14.00	$ 8.40	2,987,914	994,829	33.3%	$ 6,550,573,334	$ 83,880,358	$ 58,567,350	$ 142,447,708	$ 179,158,181	$ 321,605,889
2027	$ 14.00	$ 8.40	3,006,013	968,537	32.2%	$ 6,342,493,856	$ 81,215,891	$ 56,706,954	$ 137,922,845	$ 173,467,207	$ 311,390,052
2028	$ 14.00	$ 8.40	3,024,222	947,055	31.3%	$ 6,141,467,687	$ 78,641,743	$ 54,909,619	$ 133,551,363	$ 167,969,141	$ 301,520,504

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 9.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 13.00	$ 11.05	2,969,924	909,631	30.6%	$ 5,416,478,901	$ 69,358,232	$ 48,427,641	$ 117,785,874	$ 148,140,698	$ 265,926,572
2026	$ 13.00	$ 11.70	2,987,914	893,063	29.9%	$ 5,260,207,202	$ 67,357,167	$ 47,030,448	$ 114,387,615	$ 143,866,667	$ 258,254,282
2027	$ 13.00	$ 12.35	3,006,013	876,584	29.2%	$ 5,106,957,524	$ 65,394,799	$ 45,660,274	$ 111,055,072	$ 139,675,288	$ 250,730,360
2028	$ 13.00	$ 13.00	3,024,222	857,479	28.4%	$ 4,956,685,598	$ 63,470,560	$ 44,316,723	$ 107,787,283	$ 135,565,351	$ 243,352,634

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 10.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 13.00	$ 7.80	2,969,924	904,418	30.5%	$ 5,327,596,215	$ 68,220,086	$ 47,632,959	$ 115,853,045	$ 145,709,756	$ 261,562,802
2026	$ 13.00	$ 7.80	2,987,914	887,266	29.7%	$ 5,153,689,112	$ 65,993,198	$ 46,078,091	$ 112,071,290	$ 140,953,397	$ 253,024,687
2027	$ 13.00	$ 7.80	3,006,013	870,278	29.0%	$ 4,982,946,968	$ 63,806,838	$ 44,551,520	$ 108,358,359	$ 136,283,600	$ 244,641,958
2028	$ 13.00	$ 7.80	3,024,222	850,799	28.1%	$ 4,815,248,660	$ 61,659,455	$ 43,052,164	$ 104,711,618	$ 131,697,051	$ 236,408,669

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 11.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.00	$ 9.60	2,952,043	831,622	28.2%	$ 4,281,776,630	$ 54,828,324	$ 38,282,498	$ 93,110,822	$ 117,106,591	$ 210,217,413
2025	$ 12.00	$ 10.20	2,969,924	813,271	27.4%	$ 4,150,695,234	$ 53,149,821	$ 37,110,526	$ 90,260,347	$ 113,521,515	$ 203,781,862
2026	$ 12.00	$ 10.80	2,987,914	799,427	26.8%	$ 4,022,314,218	$ 51,505,897	$ 35,962,697	$ 87,468,594	$ 110,010,294	$ 197,478,888
2027	$ 12.00	$ 11.40	3,006,013	772,796	25.7%	$ 3,898,371,841	$ 49,918,810	$ 34,854,554	$ 84,773,363	$ 106,620,470	$ 191,393,833
2028	$ 12.00	$ 12.00	3,024,222	748,806	24.8%	$ 3,780,440,095	$ 48,408,689	$ 33,800,150	$ 82,208,839	$ 103,395,037	$ 185,603,875

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 12.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.00	$ 7.20	2,952,043	824,019	27.9%	$ 4,221,332,779	$ 54,054,338	$ 37,742,082	$ 91,796,420	$ 115,453,451	$ 207,249,871
2025	$ 12.00	$ 7.20	2,969,924	805,089	27.1%	$ 4,074,348,740	$ 52,172,201	$ 36,427,927	$ 88,600,128	$ 111,433,438	$ 200,033,567
2026	$ 12.00	$ 7.20	2,987,914	790,442	26.5%	$ 3,930,187,607	$ 50,326,212	$ 35,139,012	$ 85,465,224	$ 107,490,631	$ 192,955,855
2027	$ 12.00	$ 7.20	3,006,013	763,507	25.4%	$ 3,790,569,472	$ 48,538,396	$ 33,890,714	$ 82,429,110	$ 103,672,075	$ 186,101,185
2028	$ 12.00	$ 7.20	3,024,222	739,084	24.4%	$ 3,657,027,733	$ 46,828,389	$ 32,696,745	$ 79,525,133	$ 100,019,709	$ 179,544,842

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

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December 14, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-073 through 2018-084

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-073 through 2018-084 (the "Initiative Petitions"). If passed, any of these twelve initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a near doubling of the minimum wage to $15—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second

effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 68.54% (($15-$8.90)/$8.90) in Initiative Petitions 2018-073 through 2018-076 to a wage increase of 42.01% (($15-$8.45)/$8.45) in Initiative Petitions 2018-083 through 2018-084.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than

private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, as well as in Dr. Macpherson's 2014 report, attached hereto as **Exhibit A and Exhibit B**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that the initiative is "likely to result in significant costs to state and local governmental entities" through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307

2009	210.526	-0.0267124
2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05
2027	$9.20

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk

calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it anticipates a state level change to $15.00. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2022	$8.45	$12.00	42.01%	28.44%	225,876	64,244
2023	$8.60	$13.00	51.16%	34.64%	275,076	95,279
2024	$8.75	$14.00	60.00%	40.62%	322,589	131,036
2026	$9.05	$15.00	65.75%	44.51%	353,481	157,334
2027	$9.20	$15.00	63.04%	42.68%	338,952	144,666

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer

payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.30 per week,

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. The expected unemployment weekly benefit amount of a worker making $13.99 an hour is $290.99 per week. The expected unemployment weekly benefit amount of a worker making $14.99 an hour is $311.79 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-073 through 2018-078, [($159.30+$311.79)/2]*20 = $4,710.90
- For Initiative Petitions 2018-079 through 2018-080, [($159.30+$290.99)/2]*20 = $4,502.90
- For Initiative Petitions 2018-081 through 2018-082, [($159.30+$270.19)/2]*20 = $4,294.90
- For Initiative Petitions 2018-083 through 2018-084, [($159.30+$249.39)/2]*20 = $4,086.90

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Benefits Paid	Average Cost of Annual Unemployment Benefits Paid by State
2022 ($12)	64,244	$4,086.90	$91,895,081.93	$22,973,770.48
2023 ($13)	95,279	$4,294.90	$143,224,223.60	$28,644,844.72

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2024 ($14)	131,036	$4,502.90	$206,514,130.35	$34,419,021.73
2026 ($15)	157,334	$4,710.90	$259,415,324.82	$32,426,915.60
2027 ($15)	144,666	$4,710.90	$238,527,470.79	$26,503,052.31

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2022 ($12)	225,876	64,244	161,632	$596,746,272.84	$237,187,559.20
2023 ($13)	275,076	95,279	179,797	$822,752,260.32	$336,905,136.41
2024 ($14)	322,589	131,036	191,553	$1,045,881,167.64	$442,900,455.01
2026 ($15)	353,481	157,334	196,147	$1,213,758,000.24	$482,701,950.51
2027 ($15)	338,952	144,666	194,286	$1,171,933,152.00	$421,267,392.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be

less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$359,558,713.64	$10,786,761.41	$16,180,142.11
$485,847,123.91	$14,575,413.72	$21,863,120.58
$602,980,712.63	$18,089,421.38	$27,134,132.07
$731,056,049.73	$21,931,681.49	$32,897,522.24
$750,665,760.00	$22,519,972.80	$33,779,959.20

Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage in Final Year of Increase	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2022 ($12)	$642,397,362.71	$40,149,835.17	$20,074,917.58
2023 ($13)	$885,692,808.24	$55,355,800.51	$27,677,900.26
2024 ($14)	$1,125,891,076.96	$70,368,192.31	$35,184,096.16
2026 ($15)	$1,306,610,487.26	$81,663,155.45	$40,831,577.73
2027 ($15)	$1,261,586,038.13	$78,849,127.38	$39,424,563.69

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2022 ($12)	($3,894,775.47)
2023 ($13)	($5,814,779.68)
2024 ($14)	($8,049,964.09)
2026 ($15)	($7,934,055.49)
2027 ($15)	($5,644,604.49)

4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.

calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2022 ($12)	$359,558,714	$89,889,678	$642,397,363	($96,359,604)
2023 ($13)	$485,847,124	$121,461,781	$885,692,808	($132,853,921)
2024 ($14)	$602,980,713	$150,745,178	$1,125,891,077	($168,883,662)
2025 ($15)	$731,056,050	$182,764,012	$1,306,610,487	($195,991,573)
2026 ($15)	$750,665,760	$187,666,440	$1,261,586,038	($189,237,906)

Accordingly, the annual net losses in sales tax revenue, and total tax losses are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Loss in State Sales Tax	Total Annual Loss in State Tax Revenue	Annual Net Loss in Local Sales Tax
2022 ($12)	($3,894,775.47)	($273,354.37)	($4,168,129.84)	($231,946.85)
2023 ($13)	($5,814,779.68)	($481,317.93)	($6,296,097.61)	($408,408.23)
2024 ($14)	($8,049,964.09)	($766,350.92)	($8,816,315.01)	($650,264.63)
2026 ($15)	($7,934,055.49)	($558,864.44)	($8,492,919.93)	($474,208.05)
2027 ($15)	($5,644,604.49)	($66,394.43)	($5,710,998.92)	($56,337.05)

[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

Graves Garrett LLC

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

EXHIBIT
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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

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"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

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"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

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"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

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"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

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"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

June 2014

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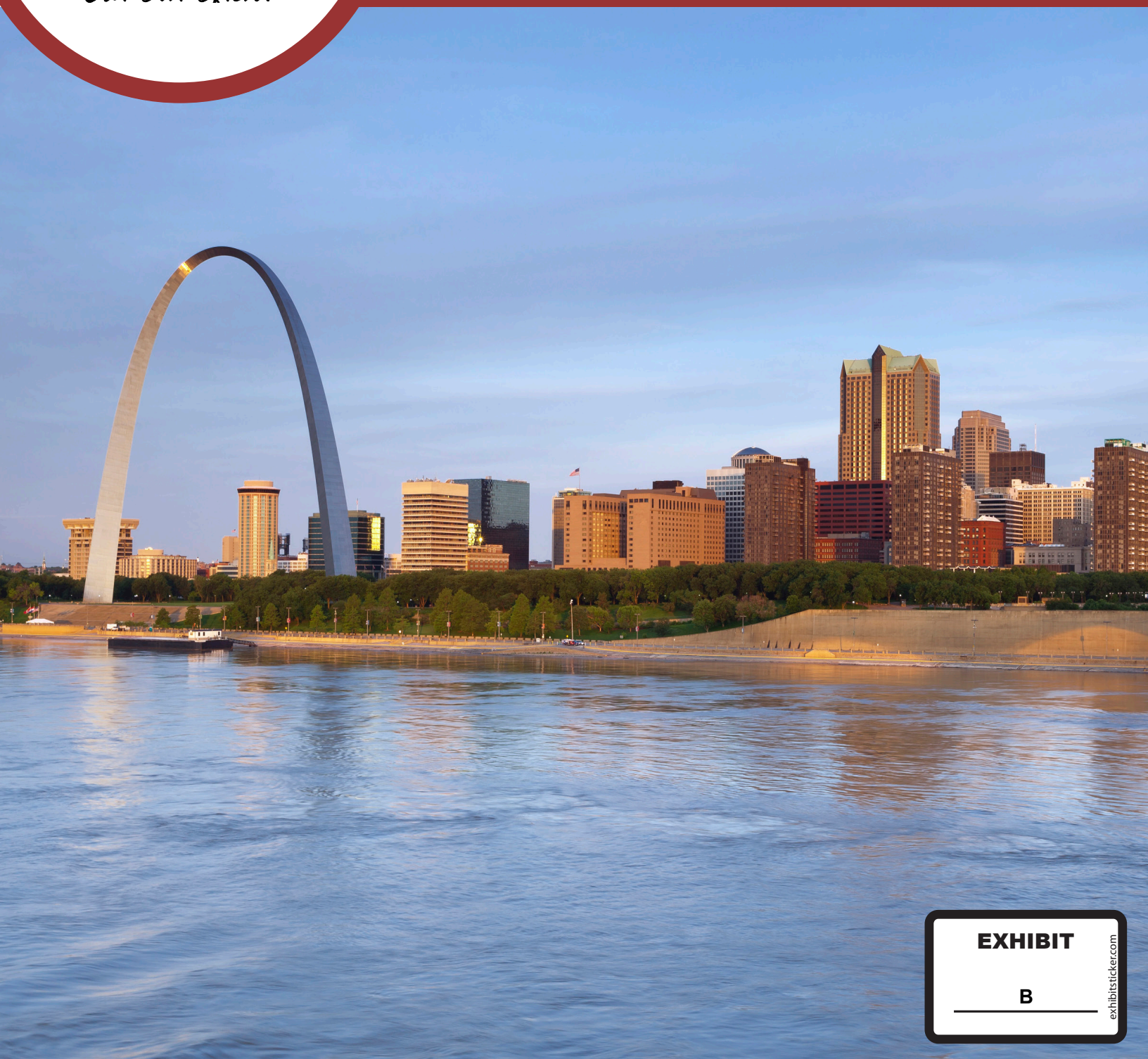
The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
Eat Out Often!

TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University,**. **Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $5.8 million decrease to a $388 million increase depending on business decisions.

STATE AUDITOR'S OFFICE
RECEIVED
DEC 06 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 6, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 5 (2018-077)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on December 5, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
DEC 05 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.75 per hour, effective January 1 of each of the next eight years, until it reaches $15.00 per hour, effective January 1, 2027. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2028, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-five percent, effective January 1, 2019;
(2) sixty percent, effective January 1, 2020;
(3) sixty-five percent, effective January 1, 2021;
(4) seventy percent, effective January 1, 2022;
(5) seventy-five percent, effective January 1, 2023;
(6) eighty percent, effective January 1, 2024;
(7) eighty-five percent, effective January 1, 2025;
(8) ninety percent, effective January 1, 2026;
(9) ninety-five percent; effective January 1, 2027;
(10) one hundred percent, effective January 1, 2028;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-077)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received December 6, 2016)

Date

December 22, 2016

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will defer to the Office of Administration regarding any costs associated with this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department because public employers are exempt.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated it appears Sections 290.502.4 and 290.512.3 would exclude public employers from the provisions of 290.502 subsection (3) and 290.512 subsection (2). They are a part of the definition of public employers. Therefore they assume there would be no direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. They defer to the Office of Administration - Budget and

Planning Division for a statewide response on how this petition may impact state revenues.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to this fiscal note request.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $9.00 per hour, beginning Jan*uary 1, 2019 and by another $0.75 per hour each year until it reaches $15.00 per hour beginning January 1, 2027. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 55% of the minimum wage rate to tipped employees. Each year thereafter the rate increases by five percent until January 1, 2028 when tipped employees should be paid 100% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact for their office as it would be exempt from the provisions set forth in the petition.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted because cities are excluded from operation of the proposal.

Officials from the **City of Raymore** indicated there would be no direct fiscal impact on employee salaries. However there would be a potential increase cost in the capital projects. We have no way of predicting that value.

Officials from **University of Missouri** indicated we do not see an impact on the University of Missouri System.

Officials from **University of Central Missouri** indicated no fiscal impact.

Officials from **Missouri State University** indicated there will be no fiscal impact to their university for this fiscal note.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the proposed statutory amendment will have no fiscal impact on their university.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

November 24, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Proposal 1 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 2 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 3 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 4 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 5 $15 by 2027 and Tipped Minimum Wage at 100% by 2028
Proposal 6 $15 by 2027 and Tipped Minimum Wage at 60% by 2024
Proposal 7 $14 by 2024 and Tipped Minimum Wage at 100% by 2028
Proposal 8 $14 by 2024 and Tipped Minimum Wage at 60% by 2024
Proposal 9 $13 by 2023 and Tipped Minimum Wage at 100% by 2028
Proposal 10 $13 by 2023 and Tipped Minimum Wage at 60% by 2024
Proposal 11 $12 by 2022 and Tipped Minimum Wage at 100% by 2028
Proposal 12 $12 by 2022 and Tipped Minimum Wage at 60% by 2024

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Minimum Wage Initiative Petitions.

The estimated net fiscal impact for each of the twelve versions of the initiative in the final phase-in year is summarized in the right-most column of Table 2 below. The estimated net fiscal impact for each version of the initiative for 2019 and 2020 – the first two fiscal years of implementation – is summarized in Table 3 below.

Our analysis estimates the impact of each of the twelve proposed initiative petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax, with some refinements. We also address certain claims that have been made by opponents in the past.

As these proposed initiatives exclude from the minimum wage increases public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Accordingly, we do not include in our analysis any such estimates.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for the Final Year of Minimum Wage Phase-In.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW Increase	Aggregate Annual Wage Increase in Nominal Dollars
1	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
2	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
3	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
4	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
5	2027	$ 15.00	$ 14.25	1,097,200	$ 8,058,515,525
6	2027	$ 15.00	$ 9.00	1,096,645	$ 7,908,877,243
7	2024	$ 14.00	$ 11.20	1,044,718	$ 7,064,599,152
8	2024	$ 14.00	$ 8.40	1,043,118	$ 6,985,083,230
9	2023	$ 13.00	$ 9.75	949,801	$ 5,741,687,801
10	2023	$ 13.00	$ 7.54	944,495	$ 5,682,599,137
11	2022	$ 12.00	$ 8.40	867,022	$ 4,552,685,065
12	2022	$ 12.00	$ 6.84	858,952	$ 4,517,542,341

Note: Author's Analysis of American Community Survey (ACS) Data from 2014.

Across the twelve proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $4.517 billion (Proposal 12) to a high of $8.294 billion under Proposals 1 and 3. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables 1 through 12 below.

The wage impact of an increase in the Missouri minimum wage is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the State of Missouri was downloaded from the US Census Bureau. The ACS was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15% above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015)). Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

All wage earners are included in this calculation. To be consistent with past estimates, public employees should have been excluded. Employees in the public sector were included because the ACS does not have a published variable that

allows for identification of public employees. This inclusion of public employees will have a minimal impact on our results.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual inflation was to adjust wages to 2015. For all subsequent years between 2016 and 2028, baseline wages were inflated by the annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twelve proposals were analyzed. For each proposal, we constructed a baseline wage scenario which used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twelve minimum wage proposed scenarios. Since the minimum wage proposals offered six different paths for raising the minimum wage for all non-tipped private sector workers, and two different wage paths for tipped workers (for each proposal), we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings on an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighting factor for that employee in the population. The total impact for the State of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next we review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that were true, then those employment reductions would result in reductions in state income and sales tax revenue or increases in unemployment-related costs to the state.

However, as explained in greater detail below, review of the most credible recent empirical research on the minimum wage shows that increases have had no discernible impact on aggregate employment levels. Larger $15 minimum wage increases, such as those adopted recently in New York, California, Seattle and other jurisdictions, have not yet been studied to determine whether the same holds true for them. While it is possible that there may be some employment

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. Larger counties and cities will also have almost all public employees earning more than the highest proposed minimum wage. Local public employees in small counties and towns may have some public employees who earn less than the highest proposed minimum.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders', 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers.'

losses from such larger minimum wage increases as the result of increased use of automation or other factors, we offset this potential negative effect by not also calculating the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason, and because of the likely increases in wages to individuals who earn above the proposed minimum wages, the wage and tax impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A meta-study—a formal statistical study of studies—by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the bulk of the studies find that higher minimum wages have had little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results. (Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations, vol. 47, no. 2, pp. 406–28.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2) Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport. (Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522–543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84–105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139–63; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106–138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in

response to the minimum-wage rise. About 90% of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28–29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433–44; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543–69.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Note too, we conclude the same as to small businesses. In fact, the proposed increases will not affect some small businesses as the state minimum wage law exempts individuals employed by any retail or service business that has a gross volume of sales made or business done of less than $500,000 annually. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs—both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the twelve minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with slightly higher prices (which would be taxable). Studies are mixed as to whether businesses increase prices by even small amounts when the minimum wage increases.

Increase in Personal Income Tax Revenue and Sales Tax Revenue Due to Increased Wages. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax. In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The State of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that was taxable.[3] The resulting rate was 30.3%.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state and local sale tax revenue, and in state income tax revenue, resulting from the increased wages would be as follows for the final year of the minimum wage phase-in, for each of the twelve versions of the initiative:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Final Year of Full Minimum Wage Phase-In.

Proposal	Final Year of Minimum Wage Phase-In	State & Local Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
1	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
2	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
3	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
4	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
5	2027	$ 175,239,175	$ 220,400,400	$ 395,639,574
6	2027	$ 171,985,165	$ 216,307,793	$ 388,292,957
7	2024	$ 153,625,630	$ 193,216,787	$ 346,842,417
8	2024	$ 151,896,490	$ 191,042,026	$ 342,938,516
9	2023	$ 124,857,814	$ 157,035,161	$ 281,892,975
10	2023	$ 123,572,881	$ 155,419,086	$ 278,991,968
11	2022	$ 99,001,953	$ 124,515,937	$ 223,517,889
12	2022	$ 98,237,745	$ 123,554,783	$ 221,792,528

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50% of the spending on the category "apparel and services" was taxable.

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures.

As described in Table 2 above, the final fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase-out. The estimates of the total fiscal benefit range from $221 million to $407 million annually.

Section 23.140, RSMo., indicates that the fiscal note shall address the cost of the proposed legislation to the state for the first two fiscal years—which, in the case of the proposed initiatives, will be 2019 and 2020. Table 3 below summarizes our projected total sales and personal income tax revenue increases for years 2019 and 2020 for each of the twelve versions of the initiative:

Table 3. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in 2019 & 2020

Proposal	Total Sales and Personal Income Tax Revenue Increase—2019	Total Sales and Personal Income Tax Revenue Increase—2020
1	$ 60,008,101	$ 88,368,944
2	$ 59,882,683	$ 88,058,046
3	$ 93,306,606	$ 123,377,155
4	$ 93,142,857	$ 122,961,967
5	$ 91,491,028	$ 117,027,046
6	$ 91,328,763	$ 116,631,083
7	$ 91,491,028	$ 127,734,685
8	$ 91,328,763	$ 127,305,194
9	$ 91,491,028	$ 127,734,685
10	$ 91,328,763	$ 127,305,194
11	$ 91,491,028	$ 127,734,685
12	$ 91,328,763	$ 127,305,194

Complete year-by-year summaries of the fiscal benefits for all twelve versions of the proposed initiative can be found in Appendix tables 1 through 12.

Please also consider the following with reference to section 23.140, RSMo. The proposed measures will not establish a program or agency that will duplicate an existing program or agency. There is not a federal mandate for the proposed measures (although the United States Department of Labor currently supports minimum wage increases). The proposed measures will not have significant direct fiscal impact upon political subdivisions of the state because the measures exclude employees of public employers. And, the proposed measures do not require new physical facilities. We reference the economic impact of the proposed measures on small businesses in Section II above.

We hope that this information is useful to your office as you prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action

Appendix

Table A. Summary of Minimum Wage Proposals and Rates by Year, 2015-2028

	Proposal 1 & 2			Proposal 3 & 4			Proposal 5 & 6			Proposal 7 & 8			Proposal 9 & 10			Proposal 11 & 12		
	$15 by 2026			$15 by 2026			$15 by 2027			$14 by 2024			$13 by 2023			$12 by 2022		
Year	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B
2015	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2016	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2017	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88
2018	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94
2019	**$ 8.00**	$ 4.40	$ 4.08	**$ 9.05**	$ 4.98	$ 4.62	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59
2020	$ 9.00	$ 5.40	$ 4.77	$ 9.90	$ 5.94	$ 5.25	$ 9.75	$ 5.85	$ 5.17	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30
2021	$ 10.00	$ 6.50	$ 5.50	$ 10.75	$ 6.99	$ 5.91	$ 10.50	$ 6.83	$ 5.78	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05
2022	$ 11.00	$ 7.70	$ 6.27	$ 11.60	$ 8.12	$ 6.61	$ 11.25	$ 7.88	$ 6.41	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84
2023	$ 12.00	$ 9.00	$ 6.96	$ 12.45	$ 9.34	$ 7.22	$ 12.00	$ 9.00	$ 6.96	$ 13.00	$ 9.75	$ 7.54	$ 13.00	$ 9.75	$ 7.54	$ 12.00	$ 9.00	$ 6.96
2024	$ 13.00	$ 10.40	$ 7.80	$ 13.30	$ 10.64	$ 7.98	$ 12.75	$ 10.20	$ 7.65	$ 14.00	$ 11.20	$ 8.40	$ 13.00	$ 10.40	$ 7.80	$ 12.00	$ 9.60	$ 7.20
2025	$ 14.00	$ 11.90	$ 8.40	$ 14.15	$ 12.03	$ 8.49	$ 13.50	$ 11.48	$ 8.10	$ 14.00	$ 11.90	$ 8.40	$ 13.00	$ 11.05	$ 7.80	$ 12.00	$ 10.20	$ 7.20
2026	$ 15.00	$ 13.50	$ 9.00	$ 15.00	$ 13.50	$ 9.00	$ 14.25	$ 12.83	$ 8.55	$ 14.00	$ 12.60	$ 8.40	$ 13.00	$ 11.70	$ 7.80	$ 12.00	$ 10.80	$ 7.20
2027	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 14.00	$ 13.30	$ 8.40	$ 13.00	$ 12.35	$ 7.80	$ 12.00	$ 11.40	$ 7.20
2028	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 14.00	$ 14.00	$ 8.40	$ 13.00	$ 13.00	$ 7.80	$ 12.00	$ 12.00	$ 7.20

Note: Assumed minimum wage rates under existing law between 2015 and 2018 listed in grey shading. 2017 and 2018 MW rates assumed to increase according to annual average increase in the CPI-U for the Midwest Region between 2010-2016.

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposal 1.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.40	2,864,237	421,788	14.7%	$ 1,222,264,515	$ 15,651,147	$ 10,928,020	$ 26,579,166	$ 33,428,934	$ 60,008,101
2020	$ 9.00	$ 5.40	2,881,586	530,380	18.4%	$ 1,799,927,399	$ 23,048,143	$ 16,092,787	$ 39,140,930	$ 49,228,014	$ 88,368,944
2021	$ 10.00	$ 6.50	2,899,041	631,957	21.8%	$ 2,517,558,520	$ 32,237,439	$ 22,508,981	$ 54,746,420	$ 68,855,226	$ 123,601,646
2022	$ 11.00	$ 7.70	2,916,602	745,172	25.5%	$ 3,377,968,920	$ 43,255,029	$ 30,201,736	$ 73,456,766	$ 92,387,450	$ 165,844,216
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	37.2%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposal 2.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.08	2,864,237	420,743	14.7%	$ 1,219,709,970	$ 15,618,436	$ 10,905,180	$ 26,523,616	$ 33,359,068	$ 59,882,683
2020	$ 9.00	$ 4.77	2,881,586	528,273	18.3%	$ 1,793,594,927	$ 22,967,056	$ 16,036,169	$ 39,003,225	$ 49,054,821	$ 88,058,046
2021	$ 10.00	$ 5.50	2,899,041	627,965	21.7%	$ 2,503,864,976	$ 32,062,093	$ 22,386,550	$ 54,448,643	$ 68,480,707	$ 122,929,350
2022	$ 11.00	$ 6.27	2,916,602	738,066	25.3%	$ 3,351,722,654	$ 42,918,945	$ 29,967,074	$ 72,886,019	$ 91,669,615	$ 164,555,633
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposal 3.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.98	2,864,237	548,462	19.1%	$ 1,900,499,300	$ 24,335,971	$ 16,991,980	$ 41,327,950	$ 51,978,656	$ 93,306,606
2020	$ 9.90	$ 5.94	2,881,586	636,153	22.1%	$ 2,512,986,014	$ 32,178,888	$ 22,468,099	$ 54,646,987	$ 68,730,167	$ 123,377,155
2021	$ 10.75	$ 6.99	2,899,041	729,185	25.2%	$ 3,223,130,691	$ 41,272,319	$ 28,817,359	$ 70,089,679	$ 88,152,624	$ 158,242,303
2022	$ 11.60	$ 8.12	2,916,602	824,162	28.3%	$ 4,059,707,011	$ 51,984,713	$ 36,297,019	$ 88,281,732	$ 111,032,987	$ 199,314,719
2023	$ 12.45	$ 9.34	2,934,269	893,537	30.5%	$ 4,990,737,937	$ 63,906,602	$ 44,621,178	$ 108,527,780	$ 136,496,683	$ 245,024,462
2024	$ 13.30	$ 10.64	2,952,043	959,658	32.5%	$ 6,000,441,052	$ 76,835,891	$ 53,648,729	$ 130,484,620	$ 164,112,063	$ 294,596,683
2025	$ 14.15	$ 12.03	2,969,924	1,040,572	35.0%	$ 7,099,877,251	$ 90,914,217	$ 63,478,565	$ 154,392,782	$ 194,181,643	$ 348,574,425
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposal 4.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.62	2,864,237	547,296	19.1%	$ 1,897,164,012	$ 24,293,262	$ 16,962,159	$ 41,255,422	$ 51,887,436	$ 93,142,857
2020	$ 9.90	$ 5.25	2,881,586	633,553	22.0%	$ 2,504,529,330	$ 32,070,600	$ 22,392,490	$ 54,463,090	$ 68,498,877	$ 122,961,967
2021	$ 10.75	$ 5.91	2,899,041	724,839	25.0%	$ 3,206,008,487	$ 41,053,069	$ 28,664,273	$ 69,717,342	$ 87,684,332	$ 157,401,674
2022	$ 11.60	$ 6.61	2,916,602	816,188	28.0%	$ 4,028,411,748	$ 51,583,976	$ 36,017,214	$ 87,601,190	$ 110,177,061	$ 197,778,251
2023	$ 12.45	$ 7.22	2,934,269	886,538	30.2%	$ 4,936,926,743	$ 63,217,547	$ 44,140,063	$ 107,357,610	$ 135,024,946	$ 242,382,557
2024	$ 13.30	$ 7.98	2,952,043	955,827	32.4%	$ 5,926,500,505	$ 75,889,080	$ 52,987,641	$ 128,876,721	$ 162,089,789	$ 290,966,510
2025	$ 14.15	$ 8.49	2,969,924	1,038,903	35.0%	$ 6,999,334,098	$ 89,626,757	$ 62,579,629	$ 152,206,387	$ 191,431,788	$ 343,638,174
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 5.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 9.75	$ 5.85	2,881,586	616,817	21.4%	$ 2,383,644,943	$ 30,522,670	$ 21,311,687	$ 51,834,357	$ 65,192,689	$ 117,027,046
2021	$ 10.50	$ 6.83	2,899,041	689,691	23.8%	$ 2,975,549,883	$ 38,102,037	$ 26,603,789	$ 64,705,826	$ 81,381,289	$ 146,087,116
2022	$ 11.25	$ 7.88	2,916,602	784,685	26.9%	$ 3,651,492,961	$ 46,757,516	$ 32,647,259	$ 79,404,775	$ 99,868,332	$ 179,273,108
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.75	$ 10.20	2,952,043	904,578	30.6%	$ 5,237,058,923	$ 67,060,752	$ 46,823,484	$ 113,884,236	$ 143,233,562	$ 257,117,798
2025	$ 13.50	$ 11.48	2,969,924	959,850	32.3%	$ 6,114,487,630	$ 78,296,262	$ 54,668,396	$ 132,964,659	$ 167,231,237	$ 300,195,895
2026	$ 14.25	$ 12.83	2,987,914	1,026,895	34.4%	$ 7,054,339,607	$ 90,331,105	$ 63,071,423	$ 153,402,528	$ 192,936,188	$ 346,338,716
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 6.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 9.75	$ 5.17	2,881,586	614,272	21.3%	$ 2,375,579,835	$ 30,419,396	$ 21,239,578	$ 51,658,975	$ 64,972,108	$ 116,631,083
2021	$ 10.50	$ 5.78	2,899,041	684,908	23.6%	$ 2,959,643,079	$ 37,898,350	$ 26,461,570	$ 64,359,920	$ 80,946,238	$ 145,306,158
2022	$ 11.25	$ 6.41	2,916,602	777,265	26.6%	$ 3,623,087,338	$ 46,393,781	$ 32,393,291	$ 78,787,071	$ 99,091,439	$ 177,878,510
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.75	$ 7.65	2,952,043	899,272	30.5%	$ 5,168,339,574	$ 66,180,798	$ 46,209,078	$ 112,389,876	$ 141,354,087	$ 253,743,963
2025	$ 13.50	$ 8.10	2,969,924	956,019	32.2%	$ 6,020,031,489	$ 77,086,748	$ 53,823,883	$ 130,910,631	$ 164,647,861	$ 295,558,492
2026	$ 14.25	$ 8.55	2,987,914	1,024,719	34.3%	$ 6,932,879,471	$ 88,775,803	$ 61,985,472	$ 150,761,275	$ 189,614,254	$ 340,375,529
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 7.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 14.00	$ 11.20	2,952,043	1,044,718	35.4%	$ 7,064,599,152	$ 90,462,479	$ 63,163,151	$ 153,625,630	$ 193,216,787	$ 346,842,417
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 14.00	$ 12.60	2,987,914	997,728	33.4%	$ 6,669,196,152	$ 85,399,328	$ 59,627,933	$ 145,027,260	$ 182,402,515	$ 327,429,775
2027	$ 14.00	$ 13.30	3,006,013	971,739	32.3%	$ 6,480,542,208	$ 82,983,606	$ 57,941,216	$ 140,924,822	$ 177,242,829	$ 318,167,652
2028	$ 14.00	$ 14.00	3,024,222	950,955	31.4%	$ 6,298,798,887	$ 80,656,376	$ 56,316,286	$ 136,972,661	$ 172,272,150	$ 309,244,811

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 8.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 14.00	$ 8.40	2,952,043	1,043,118	35.3%	$ 6,985,083,230	$ 89,444,274	$ 62,452,215	$ 151,896,490	$ 191,042,026	$ 342,938,516
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 14.00	$ 8.40	2,987,914	994,829	33.3%	$ 6,550,573,334	$ 83,880,358	$ 58,567,350	$ 142,447,708	$ 179,158,181	$ 321,605,889
2027	$ 14.00	$ 8.40	3,006,013	968,537	32.2%	$ 6,342,493,856	$ 81,215,891	$ 56,706,954	$ 137,922,845	$ 173,467,207	$ 311,390,052
2028	$ 14.00	$ 8.40	3,024,222	947,055	31.3%	$ 6,141,467,687	$ 78,641,743	$ 54,909,619	$ 133,551,363	$ 167,969,141	$ 301,520,504

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 9.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 13.00	$ 11.05	2,969,924	909,631	30.6%	$ 5,416,478,901	$ 69,358,232	$ 48,427,641	$ 117,785,874	$ 148,140,698	$ 265,926,572
2026	$ 13.00	$ 11.70	2,987,914	893,063	29.9%	$ 5,260,207,202	$ 67,357,167	$ 47,030,448	$ 114,387,615	$ 143,866,667	$ 258,254,282
2027	$ 13.00	$ 12.35	3,006,013	876,584	29.2%	$ 5,106,957,524	$ 65,394,799	$ 45,660,274	$ 111,055,072	$ 139,675,288	$ 250,730,360
2028	$ 13.00	$ 13.00	3,024,222	857,479	28.4%	$ 4,956,685,598	$ 63,470,560	$ 44,316,723	$ 107,787,283	$ 135,565,351	$ 243,352,634

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 10.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 13.00	$ 7.80	2,969,924	904,418	30.5%	$ 5,327,596,215	$ 68,220,086	$ 47,632,959	$ 115,853,045	$ 145,709,756	$ 261,562,802
2026	$ 13.00	$ 7.80	2,987,914	887,266	29.7%	$ 5,153,689,112	$ 65,993,198	$ 46,078,091	$ 112,071,290	$ 140,953,397	$ 253,024,687
2027	$ 13.00	$ 7.80	3,006,013	870,278	29.0%	$ 4,982,946,968	$ 63,806,838	$ 44,551,520	$ 108,358,359	$ 136,283,600	$ 244,641,958
2028	$ 13.00	$ 7.80	3,024,222	850,799	28.1%	$ 4,815,248,660	$ 61,659,455	$ 43,052,164	$ 104,711,618	$ 131,697,051	$ 236,408,669

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 11.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.00	$ 9.60	2,952,043	831,622	28.2%	$ 4,281,776,630	$ 54,828,324	$ 38,282,498	$ 93,110,822	$ 117,106,591	$ 210,217,413
2025	$ 12.00	$ 10.20	2,969,924	813,271	27.4%	$ 4,150,695,234	$ 53,149,821	$ 37,110,526	$ 90,260,347	$ 113,521,515	$ 203,781,862
2026	$ 12.00	$ 10.80	2,987,914	799,427	26.8%	$ 4,022,314,218	$ 51,505,897	$ 35,962,697	$ 87,468,594	$ 110,010,294	$ 197,478,888
2027	$ 12.00	$ 11.40	3,006,013	772,796	25.7%	$ 3,898,371,841	$ 49,918,810	$ 34,854,554	$ 84,773,363	$ 106,620,470	$ 191,393,833
2028	$ 12.00	$ 12.00	3,024,222	748,806	24.8%	$ 3,780,440,095	$ 48,408,689	$ 33,800,150	$ 82,208,839	$ 103,395,037	$ 185,603,875

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 12.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.00	$ 7.20	2,952,043	824,019	27.9%	$ 4,221,332,779	$ 54,054,338	$ 37,742,082	$ 91,796,420	$ 115,453,451	$ 207,249,871
2025	$ 12.00	$ 7.20	2,969,924	805,089	27.1%	$ 4,074,348,740	$ 52,172,201	$ 36,427,927	$ 88,600,128	$ 111,433,438	$ 200,033,567
2026	$ 12.00	$ 7.20	2,987,914	790,442	26.5%	$ 3,930,187,607	$ 50,326,212	$ 35,139,012	$ 85,465,224	$ 107,490,631	$ 192,955,855
2027	$ 12.00	$ 7.20	3,006,013	763,507	25.4%	$ 3,790,569,472	$ 48,538,396	$ 33,890,714	$ 82,429,110	$ 103,672,075	$ 186,101,185
2028	$ 12.00	$ 7.20	3,024,222	739,084	24.4%	$ 3,657,027,733	$ 46,828,389	$ 32,696,745	$ 79,525,133	$ 100,019,709	$ 179,544,842

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

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December 14, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-073 through 2018-084

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-073 through 2018-084 (the "Initiative Petitions"). If passed, any of these twelve initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a near doubling of the minimum wage to $15—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second

effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 68.54% (($15-$8.90)/$8.90) in Initiative Petitions 2018-073 through 2018-076 to a wage increase of 42.01% (($15-$8.45)/$8.45) in Initiative Petitions 2018-083 through 2018-084.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than

private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, as well as in Dr. Macpherson's 2014 report, attached hereto as **Exhibit A and Exhibit B**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that the initiative is "likely to result in significant costs to state and local governmental entities" through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307

2009	210.526	-0.0267124
2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05
2027	$9.20

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk

calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it anticipates a state level change to $15.00. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2022	$8.45	$12.00	42.01%	28.44%	225,876	64,244
2023	$8.60	$13.00	51.16%	34.64%	275,076	95,279
2024	$8.75	$14.00	60.00%	40.62%	322,589	131,036
2026	$9.05	$15.00	65.75%	44.51%	353,481	157,334
2027	$9.20	$15.00	63.04%	42.68%	338,952	144,666

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer

payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.30 per week,

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. The expected unemployment weekly benefit amount of a worker making $13.99 an hour is $290.99 per week. The expected unemployment weekly benefit amount of a worker making $14.99 an hour is $311.79 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-073 through 2018-078, [($159.30+$311.79)/2]*20 = $4,710.90
- For Initiative Petitions 2018-079 through 2018-080, [($159.30+$290.99)/2]*20 = $4,502.90
- For Initiative Petitions 2018-081 through 2018-082, [($159.30+$270.19)/2]*20 = $4,294.90
- For Initiative Petitions 2018-083 through 2018-084, [($159.30+$249.39)/2]*20 = $4,086.90

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Benefits Paid	Average Cost of Annual Unemployment Benefits Paid by State
2022 ($12)	64,244	$4,086.90	$91,895,081.93	$22,973,770.48
2023 ($13)	95,279	$4,294.90	$143,224,223.60	$28,644,844.72

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2024 ($14)	131,036	$4,502.90	$206,514,130.35	$34,419,021.73
2026 ($15)	157,334	$4,710.90	$259,415,324.82	$32,426,915.60
2027 ($15)	144,666	$4,710.90	$238,527,470.79	$26,503,052.31

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2022 ($12)	225,876	64,244	161,632	$596,746,272.84	$237,187,559.20
2023 ($13)	275,076	95,279	179,797	$822,752,260.32	$336,905,136.41
2024 ($14)	322,589	131,036	191,553	$1,045,881,167.64	$442,900,455.01
2026 ($15)	353,481	157,334	196,147	$1,213,758,000.24	$482,701,950.51
2027 ($15)	338,952	144,666	194,286	$1,171,933,152.00	$421,267,392.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be

less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$359,558,713.64	$10,786,761.41	$16,180,142.11
$485,847,123.91	$14,575,413.72	$21,863,120.58
$602,980,712.63	$18,089,421.38	$27,134,132.07
$731,056,049.73	$21,931,681.49	$32,897,522.24
$750,665,760.00	$22,519,972.80	$33,779,959.20

Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage in Final Year of Increase	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2022 ($12)	$642,397,362.71	$40,149,835.17	$20,074,917.58
2023 ($13)	$885,692,808.24	$55,355,800.51	$27,677,900.26
2024 ($14)	$1,125,891,076.96	$70,368,192.31	$35,184,096.16
2026 ($15)	$1,306,610,487.26	$81,663,155.45	$40,831,577.73
2027 ($15)	$1,261,586,038.13	$78,849,127.38	$39,424,563.69

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2022 ($12)	($3,894,775.47)
2023 ($13)	($5,814,779.68)
2024 ($14)	($8,049,964.09)
2026 ($15)	($7,934,055.49)
2027 ($15)	($5,644,604.49)

4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.

calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2022 ($12)	$359,558,714	$89,889,678	$642,397,363	($96,359,604)
2023 ($13)	$485,847,124	$121,461,781	$885,692,808	($132,853,921)
2024 ($14)	$602,980,713	$150,745,178	$1,125,891,077	($168,883,662)
2025 ($15)	$731,056,050	$182,764,012	$1,306,610,487	($195,991,573)
2026 ($15)	$750,665,760	$187,666,440	$1,261,586,038	($189,237,906)

Accordingly, the annual net losses in sales tax revenue, and total tax losses are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Loss in State Sales Tax	Total Annual Loss in State Tax Revenue	Annual Net Loss in Local Sales Tax
2022 ($12)	($3,894,775.47)	($273,354.37)	($4,168,129.84)	($231,946.85)
2023 ($13)	($5,814,779.68)	($481,317.93)	($6,296,097.61)	($408,408.23)
2024 ($14)	($8,049,964.09)	($766,350.92)	($8,816,315.01)	($650,264.63)
2026 ($15)	($7,934,055.49)	($558,864.44)	($8,492,919.93)	($474,208.05)
2027 ($15)	($5,644,604.49)	($66,394.43)	($5,710,998.92)	($56,337.05)

[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

Graves Garrett LLC

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

EXHIBIT
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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

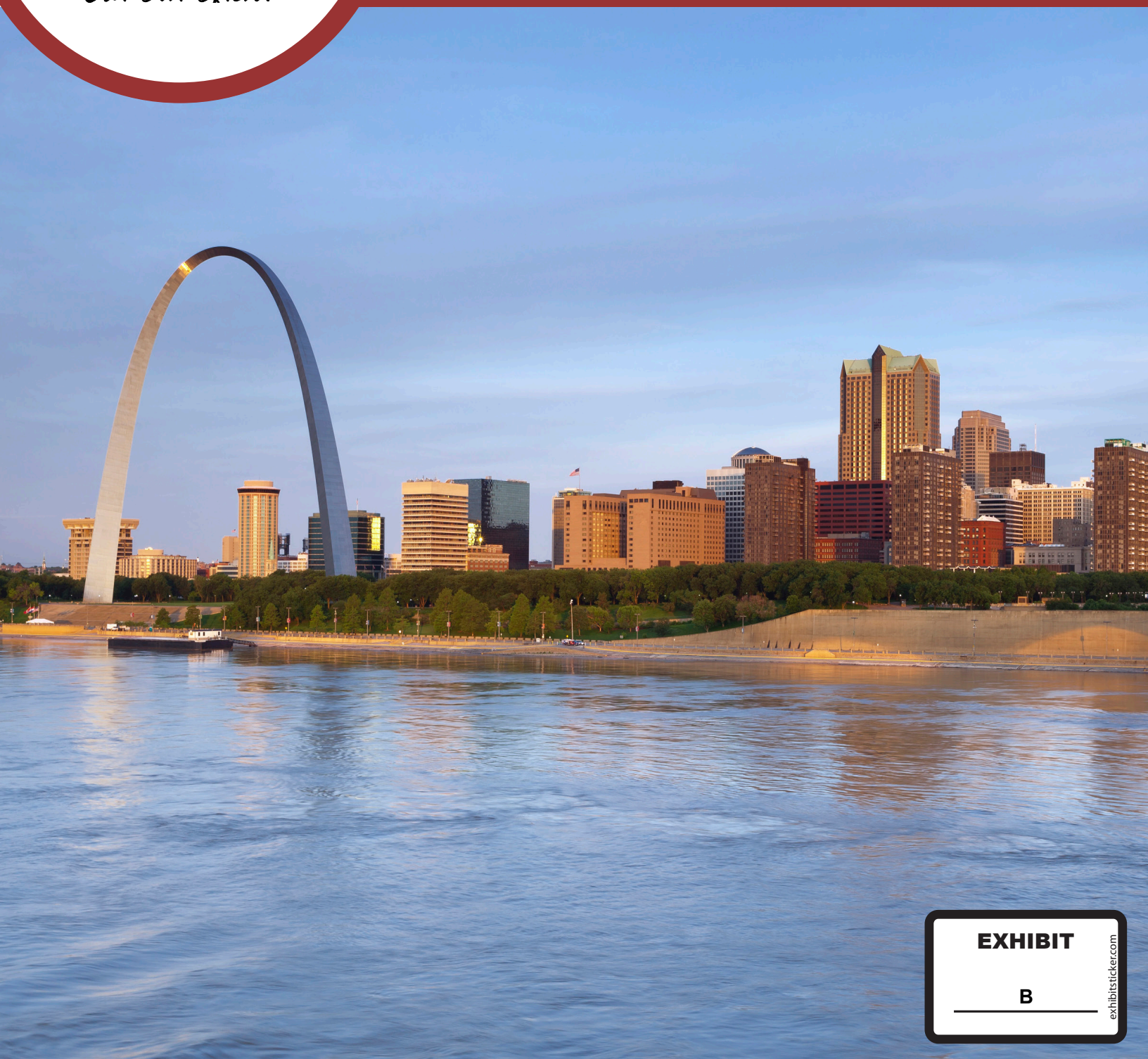
26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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Technical Appendix 7

EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
Eat Out Often!

TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University,**. **Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $5.8 million decrease to a $396 million increase depending on business decisions.

STATE AUDITOR'S OFFICE
RECEIVED
DEC 06 2016

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

December 6, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 4 (2018-076)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on December 5, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
DEC 05 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.05 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.85 per hour, effective January 1 of each of the next seven years, until it reaches $15.00 per hour, effective January 1, 2026. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2027, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-one percent, effective January 1, 2019;
(2) fifty-three, effective January 1, 2020;
(3) fifty-five percent, effective January 1, 2021;
(4) fifty-seven percent, effective January 1, 2022;
(5) fifty-eight percent, effective January 1, 2023;
(6) sixty percent, effective January 1, 2024;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at

the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-076)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received December 6, 2016)

Date

December 22, 2016

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will defer to the Office of Administration regarding any costs associated with this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department because public employers are exempt.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated it appears Sections 290.502.4 and 290.512.3 would exclude public employers from the provisions of 290.502 subsection (3) and 290.512 subsection (2). They are a part of the definition of public employers. Therefore they assume there would be no direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. They defer to the Office of Administration - Budget and

Planning Division for a statewide response on how this petition may impact state revenues.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to this fiscal note request.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $9.05 per hour, beginning January 1, 2019 and by another $0.85 per hour each year until it reaches $15.00 per hour beginning January 1, 2026. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 51% of the minimum wage rate to tipped employees. Each year thereafter the rate increases until January 1, 2024 when tipped employees should be paid 60% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact for their office as it would be exempt from the provisions set forth in the petition.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted because cities are excluded from operation of the proposal.

Officials from the **City of Raymore** indicated there would be no direct fiscal impact on employee salaries. However there would be a potential increase cost in the capital projects. We have no way of predicting that value.

Officials from **University of Missouri** indicated we do not see an impact on the University of Missouri System.

Officials from **University of Central Missouri** indicated no fiscal impact.

Officials from **Missouri State University** indicated there will be no fiscal impact to their university for this fiscal note.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the proposed statutory amendment will have no fiscal impact on their university.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

November 24, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Proposal 1 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 2 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 3 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 4 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 5 $15 by 2027 and Tipped Minimum Wage at 100% by 2028
Proposal 6 $15 by 2027 and Tipped Minimum Wage at 60% by 2024
Proposal 7 $14 by 2024 and Tipped Minimum Wage at 100% by 2028
Proposal 8 $14 by 2024 and Tipped Minimum Wage at 60% by 2024
Proposal 9 $13 by 2023 and Tipped Minimum Wage at 100% by 2028
Proposal 10 $13 by 2023 and Tipped Minimum Wage at 60% by 2024
Proposal 11 $12 by 2022 and Tipped Minimum Wage at 100% by 2028
Proposal 12 $12 by 2022 and Tipped Minimum Wage at 60% by 2024

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Minimum Wage Initiative Petitions.

The estimated net fiscal impact for each of the twelve versions of the initiative in the final phase-in year is summarized in the right-most column of Table 2 below. The estimated net fiscal impact for each version of the initiative for 2019 and 2020 – the first two fiscal years of implementation – is summarized in Table 3 below.

Our analysis estimates the impact of each of the twelve proposed initiative petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax, with some refinements. We also address certain claims that have been made by opponents in the past.

As these proposed initiatives exclude from the minimum wage increases public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Accordingly, we do not include in our analysis any such estimates.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for the Final Year of Minimum Wage Phase-In.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW Increase	Aggregate Annual Wage Increase in Nominal Dollars
1	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
2	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
3	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
4	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
5	2027	$ 15.00	$ 14.25	1,097,200	$ 8,058,515,525
6	2027	$ 15.00	$ 9.00	1,096,645	$ 7,908,877,243
7	2024	$ 14.00	$ 11.20	1,044,718	$ 7,064,599,152
8	2024	$ 14.00	$ 8.40	1,043,118	$ 6,985,083,230
9	2023	$ 13.00	$ 9.75	949,801	$ 5,741,687,801
10	2023	$ 13.00	$ 7.54	944,495	$ 5,682,599,137
11	2022	$ 12.00	$ 8.40	867,022	$ 4,552,685,065
12	2022	$ 12.00	$ 6.84	858,952	$ 4,517,542,341

Note: Author's Analysis of American Community Survey (ACS) Data from 2014.

Across the twelve proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $4.517 billion (Proposal 12) to a high of $8.294 billion under Proposals 1 and 3. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables 1 through 12 below.

The wage impact of an increase in the Missouri minimum wage is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the State of Missouri was downloaded from the US Census Bureau. The ACS was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15% above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015)). Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

All wage earners are included in this calculation. To be consistent with past estimates, public employees should have been excluded. Employees in the public sector were included because the ACS does not have a published variable that

allows for identification of public employees. This inclusion of public employees will have a minimal impact on our results.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual inflation was to adjust wages to 2015. For all subsequent years between 2016 and 2028, baseline wages were inflated by the annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twelve proposals were analyzed. For each proposal, we constructed a baseline wage scenario which used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twelve minimum wage proposed scenarios. Since the minimum wage proposals offered six different paths for raising the minimum wage for all non-tipped private sector workers, and two different wage paths for tipped workers (for each proposal), we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings on an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighting factor for that employee in the population. The total impact for the State of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next we review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that were true, then those employment reductions would result in reductions in state income and sales tax revenue or increases in unemployment-related costs to the state.

However, as explained in greater detail below, review of the most credible recent empirical research on the minimum wage shows that increases have had no discernible impact on aggregate employment levels. Larger $15 minimum wage increases, such as those adopted recently in New York, California, Seattle and other jurisdictions, have not yet been studied to determine whether the same holds true for them. While it is possible that there may be some employment

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. Larger counties and cities will also have almost all public employees earning more than the highest proposed minimum wage. Local public employees in small counties and towns may have some public employees who earn less than the highest proposed minimum.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders', 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers.'

losses from such larger minimum wage increases as the result of increased use of automation or other factors, we offset this potential negative effect by not also calculating the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason, and because of the likely increases in wages to individuals who earn above the proposed minimum wages, the wage and tax impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A meta-study—a formal statistical study of studies—by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the bulk of the studies find that higher minimum wages have had little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results. (Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations, vol. 47, no. 2, pp. 406–28.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2) Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport. (Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522–543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84–105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139–63; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106–138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in

response to the minimum-wage rise. About 90% of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28–29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433–44; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543–69.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Note too, we conclude the same as to small businesses. In fact, the proposed increases will not affect some small businesses as the state minimum wage law exempts individuals employed by any retail or service business that has a gross volume of sales made or business done of less than $500,000 annually. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs—both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the twelve minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with slightly higher prices (which would be taxable). Studies are mixed as to whether businesses increase prices by even small amounts when the minimum wage increases.

Increase in Personal Income Tax Revenue and Sales Tax Revenue Due to Increased Wages. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax. In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The State of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that was taxable.[3] The resulting rate was 30.3%.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state and local sale tax revenue, and in state income tax revenue, resulting from the increased wages would be as follows for the final year of the minimum wage phase-in, for each of the twelve versions of the initiative:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Final Year of Full Minimum Wage Phase-In.

Proposal	Final Year of Minimum Wage Phase-In	State & Local Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
1	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
2	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
3	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
4	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
5	2027	$ 175,239,175	$ 220,400,400	$ 395,639,574
6	2027	$ 171,985,165	$ 216,307,793	$ 388,292,957
7	2024	$ 153,625,630	$ 193,216,787	$ 346,842,417
8	2024	$ 151,896,490	$ 191,042,026	$ 342,938,516
9	2023	$ 124,857,814	$ 157,035,161	$ 281,892,975
10	2023	$ 123,572,881	$ 155,419,086	$ 278,991,968
11	2022	$ 99,001,953	$ 124,515,937	$ 223,517,889
12	2022	$ 98,237,745	$ 123,554,783	$ 221,792,528

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50% of the spending on the category "apparel and services" was taxable.

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures.

As described in Table 2 above, the final fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase-out. The estimates of the total fiscal benefit range from $221 million to $407 million annually.

Section 23.140, RSMo., indicates that the fiscal note shall address the cost of the proposed legislation to the state for the first two fiscal years—which, in the case of the proposed initiatives, will be 2019 and 2020. Table 3 below summarizes our projected total sales and personal income tax revenue increases for years 2019 and 2020 for each of the twelve versions of the initiative:

Table 3. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in 2019 & 2020

Proposal	Total Sales and Personal Income Tax Revenue Increase—2019	Total Sales and Personal Income Tax Revenue Increase—2020
1	$ 60,008,101	$ 88,368,944
2	$ 59,882,683	$ 88,058,046
3	$ 93,306,606	$ 123,377,155
4	$ 93,142,857	$ 122,961,967
5	$ 91,491,028	$ 117,027,046
6	$ 91,328,763	$ 116,631,083
7	$ 91,491,028	$ 127,734,685
8	$ 91,328,763	$ 127,305,194
9	$ 91,491,028	$ 127,734,685
10	$ 91,328,763	$ 127,305,194
11	$ 91,491,028	$ 127,734,685
12	$ 91,328,763	$ 127,305,194

Complete year-by-year summaries of the fiscal benefits for all twelve versions of the proposed initiative can be found in Appendix tables 1 through 12.

Please also consider the following with reference to section 23.140, RSMo. The proposed measures will not establish a program or agency that will duplicate an existing program or agency. There is not a federal mandate for the proposed measures (although the United States Department of Labor currently supports minimum wage increases). The proposed measures will not have significant direct fiscal impact upon political subdivisions of the state because the measures exclude employees of public employers. And, the proposed measures do not require new physical facilities. We reference the economic impact of the proposed measures on small businesses in Section II above.

We hope that this information is useful to your office as you prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action

Appendix

Table A. Summary of Minimum Wage Proposals and Rates by Year, 2015-2028

	Proposal 1 & 2			Proposal 3 & 4			Proposal 5 & 6			Proposal 7 & 8			Proposal 9 & 10			Proposal 11 & 12		
	$15 by 2026			$15 by 2026			$15 by 2027			$14 by 2024			$13 by 2023			$12 by 2022		
Year	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B
2015	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2016	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2017	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88
2018	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94
2019	**$ 8.00**	$ 4.40	$ 4.08	**$ 9.05**	$ 4.98	$ 4.62	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59
2020	$ 9.00	$ 5.40	$ 4.77	$ 9.90	$ 5.94	$ 5.25	$ 9.75	$ 5.85	$ 5.17	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30
2021	$ 10.00	$ 6.50	$ 5.50	$ 10.75	$ 6.99	$ 5.91	$ 10.50	$ 6.83	$ 5.78	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05
2022	$ 11.00	$ 7.70	$ 6.27	$ 11.60	$ 8.12	$ 6.61	$ 11.25	$ 7.88	$ 6.41	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84
2023	$ 12.00	$ 9.00	$ 6.96	$ 12.45	$ 9.34	$ 7.22	$ 12.00	$ 9.00	$ 6.96	$ 13.00	$ 9.75	$ 7.54	$ 13.00	$ 9.75	$ 7.54	$ 12.00	$ 9.00	$ 6.96
2024	$ 13.00	$ 10.40	$ 7.80	$ 13.30	$ 10.64	$ 7.98	$ 12.75	$ 10.20	$ 7.65	$ 14.00	$ 11.20	$ 8.40	$ 13.00	$ 10.40	$ 7.80	$ 12.00	$ 9.60	$ 7.20
2025	$ 14.00	$ 11.90	$ 8.40	$ 14.15	$ 12.03	$ 8.49	$ 13.50	$ 11.48	$ 8.10	$ 14.00	$ 11.90	$ 8.40	$ 13.00	$ 11.05	$ 7.80	$ 12.00	$ 10.20	$ 7.20
2026	$ 15.00	$ 13.50	$ 9.00	$ 15.00	$ 13.50	$ 9.00	$ 14.25	$ 12.83	$ 8.55	$ 14.00	$ 12.60	$ 8.40	$ 13.00	$ 11.70	$ 7.80	$ 12.00	$ 10.80	$ 7.20
2027	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 14.00	$ 13.30	$ 8.40	$ 13.00	$ 12.35	$ 7.80	$ 12.00	$ 11.40	$ 7.20
2028	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 14.00	$ 14.00	$ 8.40	$ 13.00	$ 13.00	$ 7.80	$ 12.00	$ 12.00	$ 7.20

Note: Assumed minimum wage rates under existing law between 2015 and 2018 listed in grey shading. 2017 and 2018 MW rates assumed to increase according to annual average increase in the CPI-U for the Midwest Region between 2010-2016.

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposal 1.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.40	2,864,237	421,788	14.7%	$ 1,222,264,515	$ 15,651,147	$ 10,928,020	$ 26,579,166	$ 33,428,934	$ 60,008,101
2020	$ 9.00	$ 5.40	2,881,586	530,380	18.4%	$ 1,799,927,399	$ 23,048,143	$ 16,092,787	$ 39,140,930	$ 49,228,014	$ 88,368,944
2021	$ 10.00	$ 6.50	2,899,041	631,957	21.8%	$ 2,517,558,520	$ 32,237,439	$ 22,508,981	$ 54,746,420	$ 68,855,226	$ 123,601,646
2022	$ 11.00	$ 7.70	2,916,602	745,172	25.5%	$ 3,377,968,920	$ 43,255,029	$ 30,201,736	$ 73,456,766	$ 92,387,450	$ 165,844,216
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	37.2%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposal 2.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.08	2,864,237	420,743	14.7%	$ 1,219,709,970	$ 15,618,436	$ 10,905,180	$ 26,523,616	$ 33,359,068	$ 59,882,683
2020	$ 9.00	$ 4.77	2,881,586	528,273	18.3%	$ 1,793,594,927	$ 22,967,056	$ 16,036,169	$ 39,003,225	$ 49,054,821	$ 88,058,046
2021	$ 10.00	$ 5.50	2,899,041	627,965	21.7%	$ 2,503,864,976	$ 32,062,093	$ 22,386,550	$ 54,448,643	$ 68,480,707	$ 122,929,350
2022	$ 11.00	$ 6.27	2,916,602	738,066	25.3%	$ 3,351,722,654	$ 42,918,945	$ 29,967,074	$ 72,886,019	$ 91,669,615	$ 164,555,633
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposal 3.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.98	2,864,237	548,462	19.1%	$ 1,900,499,300	$ 24,335,971	$ 16,991,980	$ 41,327,950	$ 51,978,656	$ 93,306,606
2020	$ 9.90	$ 5.94	2,881,586	636,153	22.1%	$ 2,512,986,014	$ 32,178,888	$ 22,468,099	$ 54,646,987	$ 68,730,167	$ 123,377,155
2021	$ 10.75	$ 6.99	2,899,041	729,185	25.2%	$ 3,223,130,691	$ 41,272,319	$ 28,817,359	$ 70,089,679	$ 88,152,624	$ 158,242,303
2022	$ 11.60	$ 8.12	2,916,602	824,162	28.3%	$ 4,059,707,011	$ 51,984,713	$ 36,297,019	$ 88,281,732	$ 111,032,987	$ 199,314,719
2023	$ 12.45	$ 9.34	2,934,269	893,537	30.5%	$ 4,990,737,937	$ 63,906,602	$ 44,621,178	$ 108,527,780	$ 136,496,683	$ 245,024,462
2024	$ 13.30	$ 10.64	2,952,043	959,658	32.5%	$ 6,000,441,052	$ 76,835,891	$ 53,648,729	$ 130,484,620	$ 164,112,063	$ 294,596,683
2025	$ 14.15	$ 12.03	2,969,924	1,040,572	35.0%	$ 7,099,877,251	$ 90,914,217	$ 63,478,565	$ 154,392,782	$ 194,181,643	$ 348,574,425
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposal 4.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.62	2,864,237	547,296	19.1%	$ 1,897,164,012	$ 24,293,262	$ 16,962,159	$ 41,255,422	$ 51,887,436	$ 93,142,857
2020	$ 9.90	$ 5.25	2,881,586	633,553	22.0%	$ 2,504,529,330	$ 32,070,600	$ 22,392,490	$ 54,463,090	$ 68,498,877	$ 122,961,967
2021	$ 10.75	$ 5.91	2,899,041	724,839	25.0%	$ 3,206,008,487	$ 41,053,069	$ 28,664,273	$ 69,717,342	$ 87,684,332	$ 157,401,674
2022	$ 11.60	$ 6.61	2,916,602	816,188	28.0%	$ 4,028,411,748	$ 51,583,976	$ 36,017,214	$ 87,601,190	$ 110,177,061	$ 197,778,251
2023	$ 12.45	$ 7.22	2,934,269	886,538	30.2%	$ 4,936,926,743	$ 63,217,547	$ 44,140,063	$ 107,357,610	$ 135,024,946	$ 242,382,557
2024	$ 13.30	$ 7.98	2,952,043	955,827	32.4%	$ 5,926,500,505	$ 75,889,080	$ 52,987,641	$ 128,876,721	$ 162,089,789	$ 290,966,510
2025	$ 14.15	$ 8.49	2,969,924	1,038,903	35.0%	$ 6,999,334,098	$ 89,626,757	$ 62,579,629	$ 152,206,387	$ 191,431,788	$ 343,638,174
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 5.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 9.75	$ 5.85	2,881,586	616,817	21.4%	$ 2,383,644,943	$ 30,522,670	$ 21,311,687	$ 51,834,357	$ 65,192,689	$ 117,027,046
2021	$ 10.50	$ 6.83	2,899,041	689,691	23.8%	$ 2,975,549,883	$ 38,102,037	$ 26,603,789	$ 64,705,826	$ 81,381,289	$ 146,087,116
2022	$ 11.25	$ 7.88	2,916,602	784,685	26.9%	$ 3,651,492,961	$ 46,757,516	$ 32,647,259	$ 79,404,775	$ 99,868,332	$ 179,273,108
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.75	$ 10.20	2,952,043	904,578	30.6%	$ 5,237,058,923	$ 67,060,752	$ 46,823,484	$ 113,884,236	$ 143,233,562	$ 257,117,798
2025	$ 13.50	$ 11.48	2,969,924	959,850	32.3%	$ 6,114,487,630	$ 78,296,262	$ 54,668,396	$ 132,964,659	$ 167,231,237	$ 300,195,895
2026	$ 14.25	$ 12.83	2,987,914	1,026,895	34.4%	$ 7,054,339,607	$ 90,331,105	$ 63,071,423	$ 153,402,528	$ 192,936,188	$ 346,338,716
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 6.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 9.75	$ 5.17	2,881,586	614,272	21.3%	$ 2,375,579,835	$ 30,419,396	$ 21,239,578	$ 51,658,975	$ 64,972,108	$ 116,631,083
2021	$ 10.50	$ 5.78	2,899,041	684,908	23.6%	$ 2,959,643,079	$ 37,898,350	$ 26,461,570	$ 64,359,920	$ 80,946,238	$ 145,306,158
2022	$ 11.25	$ 6.41	2,916,602	777,265	26.6%	$ 3,623,087,338	$ 46,393,781	$ 32,393,291	$ 78,787,071	$ 99,091,439	$ 177,878,510
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.75	$ 7.65	2,952,043	899,272	30.5%	$ 5,168,339,574	$ 66,180,798	$ 46,209,078	$ 112,389,876	$ 141,354,087	$ 253,743,963
2025	$ 13.50	$ 8.10	2,969,924	956,019	32.2%	$ 6,020,031,489	$ 77,086,748	$ 53,823,883	$ 130,910,631	$ 164,647,861	$ 295,558,492
2026	$ 14.25	$ 8.55	2,987,914	1,024,719	34.3%	$ 6,932,879,471	$ 88,775,803	$ 61,985,472	$ 150,761,275	$ 189,614,254	$ 340,375,529
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 7.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 14.00	$ 11.20	2,952,043	1,044,718	35.4%	$ 7,064,599,152	$ 90,462,479	$ 63,163,151	$ 153,625,630	$ 193,216,787	$ 346,842,417
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 14.00	$ 12.60	2,987,914	997,728	33.4%	$ 6,669,196,152	$ 85,399,328	$ 59,627,933	$ 145,027,260	$ 182,402,515	$ 327,429,775
2027	$ 14.00	$ 13.30	3,006,013	971,739	32.3%	$ 6,480,542,208	$ 82,983,606	$ 57,941,216	$ 140,924,822	$ 177,242,829	$ 318,167,652
2028	$ 14.00	$ 14.00	3,024,222	950,955	31.4%	$ 6,298,798,887	$ 80,656,376	$ 56,316,286	$ 136,972,661	$ 172,272,150	$ 309,244,811

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 8.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 14.00	$ 8.40	2,952,043	1,043,118	35.3%	$ 6,985,083,230	$ 89,444,274	$ 62,452,215	$ 151,896,490	$ 191,042,026	$ 342,938,516
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 14.00	$ 8.40	2,987,914	994,829	33.3%	$ 6,550,573,334	$ 83,880,358	$ 58,567,350	$ 142,447,708	$ 179,158,181	$ 321,605,889
2027	$ 14.00	$ 8.40	3,006,013	968,537	32.2%	$ 6,342,493,856	$ 81,215,891	$ 56,706,954	$ 137,922,845	$ 173,467,207	$ 311,390,052
2028	$ 14.00	$ 8.40	3,024,222	947,055	31.3%	$ 6,141,467,687	$ 78,641,743	$ 54,909,619	$ 133,551,363	$ 167,969,141	$ 301,520,504

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 9.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 13.00	$ 11.05	2,969,924	909,631	30.6%	$ 5,416,478,901	$ 69,358,232	$ 48,427,641	$ 117,785,874	$ 148,140,698	$ 265,926,572
2026	$ 13.00	$ 11.70	2,987,914	893,063	29.9%	$ 5,260,207,202	$ 67,357,167	$ 47,030,448	$ 114,387,615	$ 143,866,667	$ 258,254,282
2027	$ 13.00	$ 12.35	3,006,013	876,584	29.2%	$ 5,106,957,524	$ 65,394,799	$ 45,660,274	$ 111,055,072	$ 139,675,288	$ 250,730,360
2028	$ 13.00	$ 13.00	3,024,222	857,479	28.4%	$ 4,956,685,598	$ 63,470,560	$ 44,316,723	$ 107,787,283	$ 135,565,351	$ 243,352,634

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 10.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 13.00	$ 7.80	2,969,924	904,418	30.5%	$ 5,327,596,215	$ 68,220,086	$ 47,632,959	$ 115,853,045	$ 145,709,756	$ 261,562,802
2026	$ 13.00	$ 7.80	2,987,914	887,266	29.7%	$ 5,153,689,112	$ 65,993,198	$ 46,078,091	$ 112,071,290	$ 140,953,397	$ 253,024,687
2027	$ 13.00	$ 7.80	3,006,013	870,278	29.0%	$ 4,982,946,968	$ 63,806,838	$ 44,551,520	$ 108,358,359	$ 136,283,600	$ 244,641,958
2028	$ 13.00	$ 7.80	3,024,222	850,799	28.1%	$ 4,815,248,660	$ 61,659,455	$ 43,052,164	$ 104,711,618	$ 131,697,051	$ 236,408,669

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 11.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.00	$ 9.60	2,952,043	831,622	28.2%	$ 4,281,776,630	$ 54,828,324	$ 38,282,498	$ 93,110,822	$ 117,106,591	$ 210,217,413
2025	$ 12.00	$ 10.20	2,969,924	813,271	27.4%	$ 4,150,695,234	$ 53,149,821	$ 37,110,526	$ 90,260,347	$ 113,521,515	$ 203,781,862
2026	$ 12.00	$ 10.80	2,987,914	799,427	26.8%	$ 4,022,314,218	$ 51,505,897	$ 35,962,697	$ 87,468,594	$ 110,010,294	$ 197,478,888
2027	$ 12.00	$ 11.40	3,006,013	772,796	25.7%	$ 3,898,371,841	$ 49,918,810	$ 34,854,554	$ 84,773,363	$ 106,620,470	$ 191,393,833
2028	$ 12.00	$ 12.00	3,024,222	748,806	24.8%	$ 3,780,440,095	$ 48,408,689	$ 33,800,150	$ 82,208,839	$ 103,395,037	$ 185,603,875

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 12.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.00	$ 7.20	2,952,043	824,019	27.9%	$ 4,221,332,779	$ 54,054,338	$ 37,742,082	$ 91,796,420	$ 115,453,451	$ 207,249,871
2025	$ 12.00	$ 7.20	2,969,924	805,089	27.1%	$ 4,074,348,740	$ 52,172,201	$ 36,427,927	$ 88,600,128	$ 111,433,438	$ 200,033,567
2026	$ 12.00	$ 7.20	2,987,914	790,442	26.5%	$ 3,930,187,607	$ 50,326,212	$ 35,139,012	$ 85,465,224	$ 107,490,631	$ 192,955,855
2027	$ 12.00	$ 7.20	3,006,013	763,507	25.4%	$ 3,790,569,472	$ 48,538,396	$ 33,890,714	$ 82,429,110	$ 103,672,075	$ 186,101,185
2028	$ 12.00	$ 7.20	3,024,222	739,084	24.4%	$ 3,657,027,733	$ 46,828,389	$ 32,696,745	$ 79,525,133	$ 100,019,709	$ 179,544,842

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

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December 14, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-073 through 2018-084

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-073 through 2018-084 (the "Initiative Petitions"). If passed, any of these twelve initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a near doubling of the minimum wage to $15—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second

effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 68.54% (($15-$8.90)/$8.90) in Initiative Petitions 2018-073 through 2018-076 to a wage increase of 42.01% (($15-$8.45)/$8.45) in Initiative Petitions 2018-083 through 2018-084.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than

private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, as well as in Dr. Macpherson's 2014 report, attached hereto as **Exhibit A and Exhibit B**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that the initiative is "likely to result in significant costs to state and local governmental entities" through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307

2009	210.526	-0.0267124
2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05
2027	$9.20

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk

calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it anticipates a state level change to $15.00. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2022	$8.45	$12.00	42.01%	28.44%	225,876	64,244
2023	$8.60	$13.00	51.16%	34.64%	275,076	95,279
2024	$8.75	$14.00	60.00%	40.62%	322,589	131,036
2026	$9.05	$15.00	65.75%	44.51%	353,481	157,334
2027	$9.20	$15.00	63.04%	42.68%	338,952	144,666

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer

payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.30 per week,

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. The expected unemployment weekly benefit amount of a worker making $13.99 an hour is $290.99 per week. The expected unemployment weekly benefit amount of a worker making $14.99 an hour is $311.79 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-073 through 2018-078, [($159.30+$311.79)/2]*20 = $4,710.90
- For Initiative Petitions 2018-079 through 2018-080, [($159.30+$290.99)/2]*20 = $4,502.90
- For Initiative Petitions 2018-081 through 2018-082, [($159.30+$270.19)/2]*20 = $4,294.90
- For Initiative Petitions 2018-083 through 2018-084, [($159.30+$249.39)/2]*20 = $4,086.90

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Benefits Paid	Average Cost of Annual Unemployment Benefits Paid by State
2022 ($12)	64,244	$4,086.90	$91,895,081.93	$22,973,770.48
2023 ($13)	95,279	$4,294.90	$143,224,223.60	$28,644,844.72

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2024 ($14)	131,036	$4,502.90	$206,514,130.35	$34,419,021.73
2026 ($15)	157,334	$4,710.90	$259,415,324.82	$32,426,915.60
2027 ($15)	144,666	$4,710.90	$238,527,470.79	$26,503,052.31

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2022 ($12)	225,876	64,244	161,632	$596,746,272.84	$237,187,559.20
2023 ($13)	275,076	95,279	179,797	$822,752,260.32	$336,905,136.41
2024 ($14)	322,589	131,036	191,553	$1,045,881,167.64	$442,900,455.01
2026 ($15)	353,481	157,334	196,147	$1,213,758,000.24	$482,701,950.51
2027 ($15)	338,952	144,666	194,286	$1,171,933,152.00	$421,267,392.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be

less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$359,558,713.64	$10,786,761.41	$16,180,142.11
$485,847,123.91	$14,575,413.72	$21,863,120.58
$602,980,712.63	$18,089,421.38	$27,134,132.07
$731,056,049.73	$21,931,681.49	$32,897,522.24
$750,665,760.00	$22,519,972.80	$33,779,959.20

Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage in Final Year of Increase	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2022 ($12)	$642,397,362.71	$40,149,835.17	$20,074,917.58
2023 ($13)	$885,692,808.24	$55,355,800.51	$27,677,900.26
2024 ($14)	$1,125,891,076.96	$70,368,192.31	$35,184,096.16
2026 ($15)	$1,306,610,487.26	$81,663,155.45	$40,831,577.73
2027 ($15)	$1,261,586,038.13	$78,849,127.38	$39,424,563.69

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2022 ($12)	($3,894,775.47)
2023 ($13)	($5,814,779.68)
2024 ($14)	($8,049,964.09)
2026 ($15)	($7,934,055.49)
2027 ($15)	($5,644,604.49)

4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.

calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2022 ($12)	$359,558,714	$89,889,678	$642,397,363	($96,359,604)
2023 ($13)	$485,847,124	$121,461,781	$885,692,808	($132,853,921)
2024 ($14)	$602,980,713	$150,745,178	$1,125,891,077	($168,883,662)
2025 ($15)	$731,056,050	$182,764,012	$1,306,610,487	($195,991,573)
2026 ($15)	$750,665,760	$187,666,440	$1,261,586,038	($189,237,906)

Accordingly, the annual net losses in sales tax revenue, and total tax losses are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Loss in State Sales Tax	Total Annual Loss in State Tax Revenue	Annual Net Loss in Local Sales Tax
2022 ($12)	($3,894,775.47)	($273,354.37)	($4,168,129.84)	($231,946.85)
2023 ($13)	($5,814,779.68)	($481,317.93)	($6,296,097.61)	($408,408.23)
2024 ($14)	($8,049,964.09)	($766,350.92)	($8,816,315.01)	($650,264.63)
2026 ($15)	($7,934,055.49)	($558,864.44)	($8,492,919.93)	($474,208.05)
2027 ($15)	($5,644,604.49)	($66,394.43)	($5,710,998.92)	($56,337.05)

[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

Graves Garrett LLC

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

EXHIBIT
A
exhibitsticker.com

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

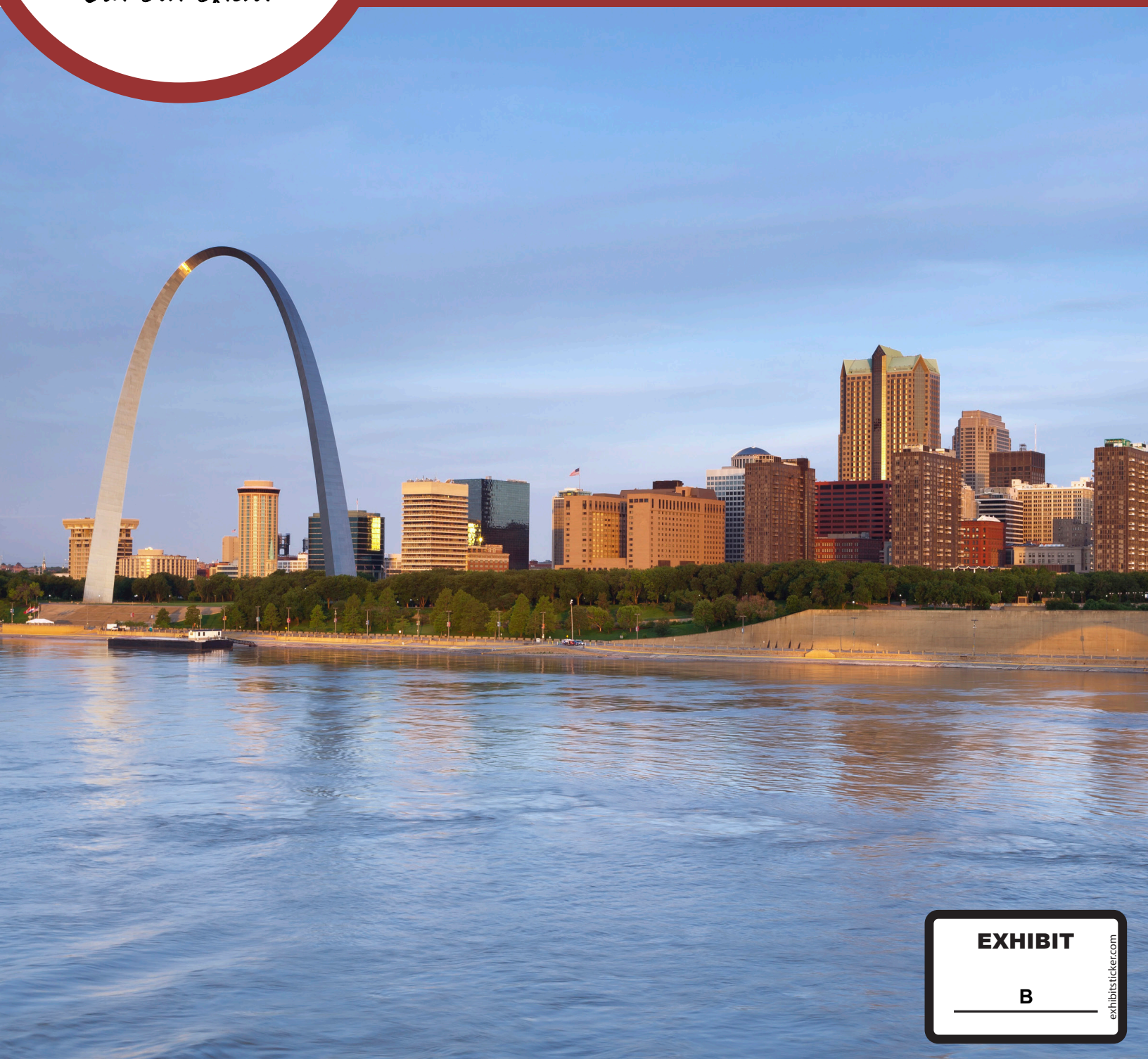
26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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exhibitsticker.com

ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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Results 5
Technical Appendix 7

EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
Eat Out Often!

TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University,**. **Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $9 million decrease to a $401 million increase depending on business decisions.

STATE AUDITOR'S OFFICE
RECEIVED
DEC 0 6 2016

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

December 6, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 3 (2018-075)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on December 5, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
DEC 05 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.05 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.85 per hour, effective January 1 of each of the next seven years, until it reaches $15.00 per hour, effective January 1, 2026. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2027, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-five percent, effective January 1, 2019;
(2) sixty percent, effective January 1, 2020;
(3) sixty-five percent, effective January 1, 2021;
(4) seventy percent, effective January 1, 2022;
(5) seventy-five percent, effective January 1, 2023;
(6) eighty percent, effective January 1, 2024;
(7) eighty-five percent, effective January 1, 2025;
(8) ninety percent, effective January 1, 2026;
(9) ninety-five percent; effective January 1, 2027;
(10) one hundred percent, effective January 1, 2028;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-075)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received December 6, 2016)

Date

December 22, 2016

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will defer to the Office of Administration regarding any costs associated with this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department because public employers are exempt.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated it appears Sections 290.502.4 and 290.512.3 would exclude public employers from the provisions of 290.502 subsection (3) and 290.512 subsection (2). They are a part of the definition of public employers. Therefore they assume there would be no direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. They defer to the Office of Administration - Budget and

Planning Division for a statewide response on how this petition may impact state revenues.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to this fiscal note request.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $9.05 per hour, beginning January 1, 2019 and by another $0.85 per hour each year until it reaches $15.00 per hour beginning January 1, 2026. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 55% of the minimum wage rate to tipped employees. Each year thereafter the rate increases by five percent until January 1, 2028 when tipped employees should be paid 100% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;
- Lower overall employment (if employers choose to hold costs steady);

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact for their office as it would be exempt from the provisions set forth in the petition.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted because cities are excluded from operation of the proposal.

Officials from the **City of Raymore** indicated there would be no direct fiscal impact on employee salaries. However there would be a potential increase cost in the capital projects. We have no way of predicting that value.

Officials from **University of Missouri** indicated we do not see an impact on the University of Missouri System.

Officials from **University of Central Missouri** indicated no fiscal impact.

Officials from **Missouri State University** indicated there will be no fiscal impact to their university for this fiscal note.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the proposed statutory amendment will have no fiscal impact on their university.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

November 24, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Proposal 1 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 2 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 3 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 4 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 5 $15 by 2027 and Tipped Minimum Wage at 100% by 2028
Proposal 6 $15 by 2027 and Tipped Minimum Wage at 60% by 2024
Proposal 7 $14 by 2024 and Tipped Minimum Wage at 100% by 2028
Proposal 8 $14 by 2024 and Tipped Minimum Wage at 60% by 2024
Proposal 9 $13 by 2023 and Tipped Minimum Wage at 100% by 2028
Proposal 10 $13 by 2023 and Tipped Minimum Wage at 60% by 2024
Proposal 11 $12 by 2022 and Tipped Minimum Wage at 100% by 2028
Proposal 12 $12 by 2022 and Tipped Minimum Wage at 60% by 2024

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Minimum Wage Initiative Petitions.

The estimated net fiscal impact for each of the twelve versions of the initiative in the final phase-in year is summarized in the right-most column of Table 2 below. The estimated net fiscal impact for each version of the initiative for 2019 and 2020 – the first two fiscal years of implementation – is summarized in Table 3 below.

Our analysis estimates the impact of each of the twelve proposed initiative petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax, with some refinements. We also address certain claims that have been made by opponents in the past.

As these proposed initiatives exclude from the minimum wage increases public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Accordingly, we do not include in our analysis any such estimates.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for the Final Year of Minimum Wage Phase-In.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW Increase	Aggregate Annual Wage Increase in Nominal Dollars
1	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
2	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
3	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
4	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
5	2027	$ 15.00	$ 14.25	1,097,200	$ 8,058,515,525
6	2027	$ 15.00	$ 9.00	1,096,645	$ 7,908,877,243
7	2024	$ 14.00	$ 11.20	1,044,718	$ 7,064,599,152
8	2024	$ 14.00	$ 8.40	1,043,118	$ 6,985,083,230
9	2023	$ 13.00	$ 9.75	949,801	$ 5,741,687,801
10	2023	$ 13.00	$ 7.54	944,495	$ 5,682,599,137
11	2022	$ 12.00	$ 8.40	867,022	$ 4,552,685,065
12	2022	$ 12.00	$ 6.84	858,952	$ 4,517,542,341

Note: Author's Analysis of American Community Survey (ACS) Data from 2014.

Across the twelve proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $4.517 billion (Proposal 12) to a high of $8.294 billion under Proposals 1 and 3. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables 1 through 12 below.

The wage impact of an increase in the Missouri minimum wage is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the State of Missouri was downloaded from the US Census Bureau. The ACS was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15% above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015)). Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

All wage earners are included in this calculation. To be consistent with past estimates, public employees should have been excluded. Employees in the public sector were included because the ACS does not have a published variable that

allows for identification of public employees. This inclusion of public employees will have a minimal impact on our results.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual inflation was to adjust wages to 2015. For all subsequent years between 2016 and 2028, baseline wages were inflated by the annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twelve proposals were analyzed. For each proposal, we constructed a baseline wage scenario which used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twelve minimum wage proposed scenarios. Since the minimum wage proposals offered six different paths for raising the minimum wage for all non-tipped private sector workers, and two different wage paths for tipped workers (for each proposal), we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings on an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighting factor for that employee in the population. The total impact for the State of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next we review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that were true, then those employment reductions would result in reductions in state income and sales tax revenue or increases in unemployment-related costs to the state.

However, as explained in greater detail below, review of the most credible recent empirical research on the minimum wage shows that increases have had no discernible impact on aggregate employment levels. Larger $15 minimum wage increases, such as those adopted recently in New York, California, Seattle and other jurisdictions, have not yet been studied to determine whether the same holds true for them. While it is possible that there may be some employment

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. Larger counties and cities will also have almost all public employees earning more than the highest proposed minimum wage. Local public employees in small counties and towns may have some public employees who earn less than the highest proposed minimum.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders', 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers.'

losses from such larger minimum wage increases as the result of increased use of automation or other factors, we offset this potential negative effect by not also calculating the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason, and because of the likely increases in wages to individuals who earn above the proposed minimum wages, the wage and tax impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A meta-study—a formal statistical study of studies—by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the bulk of the studies find that higher minimum wages have had little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results. (Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations, vol. 47, no. 2, pp. 406–28.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2) Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport. (Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522–543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84–105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139–63; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106–138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in

response to the minimum-wage rise. About 90% of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28–29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433–44; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543–69.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Note too, we conclude the same as to small businesses. In fact, the proposed increases will not affect some small businesses as the state minimum wage law exempts individuals employed by any retail or service business that has a gross volume of sales made or business done of less than $500,000 annually. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs—both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the twelve minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with slightly higher prices (which would be taxable). Studies are mixed as to whether businesses increase prices by even small amounts when the minimum wage increases.

Increase in Personal Income Tax Revenue and Sales Tax Revenue Due to Increased Wages. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax. In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The State of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that was taxable.[3] The resulting rate was 30.3%.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state and local sale tax revenue, and in state income tax revenue, resulting from the increased wages would be as follows for the final year of the minimum wage phase-in, for each of the twelve versions of the initiative:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Final Year of Full Minimum Wage Phase-In.

Proposal	Final Year of Minimum Wage Phase-In	State & Local Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
1	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
2	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
3	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
4	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
5	2027	$ 175,239,175	$ 220,400,400	$ 395,639,574
6	2027	$ 171,985,165	$ 216,307,793	$ 388,292,957
7	2024	$ 153,625,630	$ 193,216,787	$ 346,842,417
8	2024	$ 151,896,490	$ 191,042,026	$ 342,938,516
9	2023	$ 124,857,814	$ 157,035,161	$ 281,892,975
10	2023	$ 123,572,881	$ 155,419,086	$ 278,991,968
11	2022	$ 99,001,953	$ 124,515,937	$ 223,517,889
12	2022	$ 98,237,745	$ 123,554,783	$ 221,792,528

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50% of the spending on the category "apparel and services" was taxable.

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures.

As described in Table 2 above, the final fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase-out. The estimates of the total fiscal benefit range from $221 million to $407 million annually.

Section 23.140, RSMo., indicates that the fiscal note shall address the cost of the proposed legislation to the state for the first two fiscal years—which, in the case of the proposed initiatives, will be 2019 and 2020. Table 3 below summarizes our projected total sales and personal income tax revenue increases for years 2019 and 2020 for each of the twelve versions of the initiative:

Table 3. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in 2019 & 2020

Proposal	Total Sales and Personal Income Tax Revenue Increase—2019	Total Sales and Personal Income Tax Revenue Increase—2020
1	$ 60,008,101	$ 88,368,944
2	$ 59,882,683	$ 88,058,046
3	$ 93,306,606	$ 123,377,155
4	$ 93,142,857	$ 122,961,967
5	$ 91,491,028	$ 117,027,046
6	$ 91,328,763	$ 116,631,083
7	$ 91,491,028	$ 127,734,685
8	$ 91,328,763	$ 127,305,194
9	$ 91,491,028	$ 127,734,685
10	$ 91,328,763	$ 127,305,194
11	$ 91,491,028	$ 127,734,685
12	$ 91,328,763	$ 127,305,194

Complete year-by-year summaries of the fiscal benefits for all twelve versions of the proposed initiative can be found in Appendix tables 1 through 12.

Please also consider the following with reference to section 23.140, RSMo. The proposed measures will not establish a program or agency that will duplicate an existing program or agency. There is not a federal mandate for the proposed measures (although the United States Department of Labor currently supports minimum wage increases). The proposed measures will not have significant direct fiscal impact upon political subdivisions of the state because the measures exclude employees of public employers. And, the proposed measures do not require new physical facilities. We reference the economic impact of the proposed measures on small businesses in Section II above.

We hope that this information is useful to your office as you prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action

Appendix

Table A. Summary of Minimum Wage Proposals and Rates by Year, 2015-2028

	Proposal 1 & 2			Proposal 3 & 4			Proposal 5 & 6			Proposal 7 & 8			Proposal 9 & 10			Proposal 11 & 12		
	$15 by 2026			$15 by 2026			$15 by 2027			$14 by 2024			$13 by 2023			$12 by 2022		
Year	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B
2015	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2016	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2017	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88
2018	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94
2019	**$ 8.00**	$ 4.40	$ 4.08	**$ 9.05**	$ 4.98	$ 4.62	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59
2020	$ 9.00	$ 5.40	$ 4.77	$ 9.90	$ 5.94	$ 5.25	$ 9.75	$ 5.85	$ 5.17	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30
2021	$ 10.00	$ 6.50	$ 5.50	$ 10.75	$ 6.99	$ 5.91	$ 10.50	$ 6.83	$ 5.78	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05
2022	$ 11.00	$ 7.70	$ 6.27	$ 11.60	$ 8.12	$ 6.61	$ 11.25	$ 7.88	$ 6.41	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84
2023	$ 12.00	$ 9.00	$ 6.96	$ 12.45	$ 9.34	$ 7.22	$ 12.00	$ 9.00	$ 6.96	$ 13.00	$ 9.75	$ 7.54	$ 13.00	$ 9.75	$ 7.54	$ 12.00	$ 9.00	$ 6.96
2024	$ 13.00	$ 10.40	$ 7.80	$ 13.30	$ 10.64	$ 7.98	$ 12.75	$ 10.20	$ 7.65	$ 14.00	$ 11.20	$ 8.40	$ 13.00	$ 10.40	$ 7.80	$ 12.00	$ 9.60	$ 7.20
2025	$ 14.00	$ 11.90	$ 8.40	$ 14.15	$ 12.03	$ 8.49	$ 13.50	$ 11.48	$ 8.10	$ 14.00	$ 11.90	$ 8.40	$ 13.00	$ 11.05	$ 7.80	$ 12.00	$ 10.20	$ 7.20
2026	$ 15.00	$ 13.50	$ 9.00	$ 15.00	$ 13.50	$ 9.00	$ 14.25	$ 12.83	$ 8.55	$ 14.00	$ 12.60	$ 8.40	$ 13.00	$ 11.70	$ 7.80	$ 12.00	$ 10.80	$ 7.20
2027	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 14.00	$ 13.30	$ 8.40	$ 13.00	$ 12.35	$ 7.80	$ 12.00	$ 11.40	$ 7.20
2028	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 14.00	$ 14.00	$ 8.40	$ 13.00	$ 13.00	$ 7.80	$ 12.00	$ 12.00	$ 7.20

Note: Assumed minimum wage rates under existing law between 2015 and 2018 listed in grey shading. 2017 and 2018 MW rates assumed to increase according to annual average increase in the CPI-U for the Midwest Region between 2010-2016.

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposal 1.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.40	2,864,237	421,788	14.7%	$ 1,222,264,515	$ 15,651,147	$ 10,928,020	$ 26,579,166	$ 33,428,934	$ 60,008,101
2020	$ 9.00	$ 5.40	2,881,586	530,380	18.4%	$ 1,799,927,399	$ 23,048,143	$ 16,092,787	$ 39,140,930	$ 49,228,014	$ 88,368,944
2021	$ 10.00	$ 6.50	2,899,041	631,957	21.8%	$ 2,517,558,520	$ 32,237,439	$ 22,508,981	$ 54,746,420	$ 68,855,226	$ 123,601,646
2022	$ 11.00	$ 7.70	2,916,602	745,172	25.5%	$ 3,377,968,920	$ 43,255,029	$ 30,201,736	$ 73,456,766	$ 92,387,450	$ 165,844,216
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	37.2%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposal 2.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.08	2,864,237	420,743	14.7%	$ 1,219,709,970	$ 15,618,436	$ 10,905,180	$ 26,523,616	$ 33,359,068	$ 59,882,683
2020	$ 9.00	$ 4.77	2,881,586	528,273	18.3%	$ 1,793,594,927	$ 22,967,056	$ 16,036,169	$ 39,003,225	$ 49,054,821	$ 88,058,046
2021	$ 10.00	$ 5.50	2,899,041	627,965	21.7%	$ 2,503,864,976	$ 32,062,093	$ 22,386,550	$ 54,448,643	$ 68,480,707	$ 122,929,350
2022	$ 11.00	$ 6.27	2,916,602	738,066	25.3%	$ 3,351,722,654	$ 42,918,945	$ 29,967,074	$ 72,886,019	$ 91,669,615	$ 164,555,633
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposal 3.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.98	2,864,237	548,462	19.1%	$ 1,900,499,300	$ 24,335,971	$ 16,991,980	$ 41,327,950	$ 51,978,656	$ 93,306,606
2020	$ 9.90	$ 5.94	2,881,586	636,153	22.1%	$ 2,512,986,014	$ 32,178,888	$ 22,468,099	$ 54,646,987	$ 68,730,167	$ 123,377,155
2021	$ 10.75	$ 6.99	2,899,041	729,185	25.2%	$ 3,223,130,691	$ 41,272,319	$ 28,817,359	$ 70,089,679	$ 88,152,624	$ 158,242,303
2022	$ 11.60	$ 8.12	2,916,602	824,162	28.3%	$ 4,059,707,011	$ 51,984,713	$ 36,297,019	$ 88,281,732	$ 111,032,987	$ 199,314,719
2023	$ 12.45	$ 9.34	2,934,269	893,537	30.5%	$ 4,990,737,937	$ 63,906,602	$ 44,621,178	$ 108,527,780	$ 136,496,683	$ 245,024,462
2024	$ 13.30	$ 10.64	2,952,043	959,658	32.5%	$ 6,000,441,052	$ 76,835,891	$ 53,648,729	$ 130,484,620	$ 164,112,063	$ 294,596,683
2025	$ 14.15	$ 12.03	2,969,924	1,040,572	35.0%	$ 7,099,877,251	$ 90,914,217	$ 63,478,565	$ 154,392,782	$ 194,181,643	$ 348,574,425
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposal 4.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.62	2,864,237	547,296	19.1%	$ 1,897,164,012	$ 24,293,262	$ 16,962,159	$ 41,255,422	$ 51,887,436	$ 93,142,857
2020	$ 9.90	$ 5.25	2,881,586	633,553	22.0%	$ 2,504,529,330	$ 32,070,600	$ 22,392,490	$ 54,463,090	$ 68,498,877	$ 122,961,967
2021	$ 10.75	$ 5.91	2,899,041	724,839	25.0%	$ 3,206,008,487	$ 41,053,069	$ 28,664,273	$ 69,717,342	$ 87,684,332	$ 157,401,674
2022	$ 11.60	$ 6.61	2,916,602	816,188	28.0%	$ 4,028,411,748	$ 51,583,976	$ 36,017,214	$ 87,601,190	$ 110,177,061	$ 197,778,251
2023	$ 12.45	$ 7.22	2,934,269	886,538	30.2%	$ 4,936,926,743	$ 63,217,547	$ 44,140,063	$ 107,357,610	$ 135,024,946	$ 242,382,557
2024	$ 13.30	$ 7.98	2,952,043	955,827	32.4%	$ 5,926,500,505	$ 75,889,080	$ 52,987,641	$ 128,876,721	$ 162,089,789	$ 290,966,510
2025	$ 14.15	$ 8.49	2,969,924	1,038,903	35.0%	$ 6,999,334,098	$ 89,626,757	$ 62,579,629	$ 152,206,387	$ 191,431,788	$ 343,638,174
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 5.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 9.75	$ 5.85	2,881,586	616,817	21.4%	$ 2,383,644,943	$ 30,522,670	$ 21,311,687	$ 51,834,357	$ 65,192,689	$ 117,027,046
2021	$ 10.50	$ 6.83	2,899,041	689,691	23.8%	$ 2,975,549,883	$ 38,102,037	$ 26,603,789	$ 64,705,826	$ 81,381,289	$ 146,087,116
2022	$ 11.25	$ 7.88	2,916,602	784,685	26.9%	$ 3,651,492,961	$ 46,757,516	$ 32,647,259	$ 79,404,775	$ 99,868,332	$ 179,273,108
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.75	$ 10.20	2,952,043	904,578	30.6%	$ 5,237,058,923	$ 67,060,752	$ 46,823,484	$ 113,884,236	$ 143,233,562	$ 257,117,798
2025	$ 13.50	$ 11.48	2,969,924	959,850	32.3%	$ 6,114,487,630	$ 78,296,262	$ 54,668,396	$ 132,964,659	$ 167,231,237	$ 300,195,895
2026	$ 14.25	$ 12.83	2,987,914	1,026,895	34.4%	$ 7,054,339,607	$ 90,331,105	$ 63,071,423	$ 153,402,528	$ 192,936,188	$ 346,338,716
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 6.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 9.75	$ 5.17	2,881,586	614,272	21.3%	$ 2,375,579,835	$ 30,419,396	$ 21,239,578	$ 51,658,975	$ 64,972,108	$ 116,631,083
2021	$ 10.50	$ 5.78	2,899,041	684,908	23.6%	$ 2,959,643,079	$ 37,898,350	$ 26,461,570	$ 64,359,920	$ 80,946,238	$ 145,306,158
2022	$ 11.25	$ 6.41	2,916,602	777,265	26.6%	$ 3,623,087,338	$ 46,393,781	$ 32,393,291	$ 78,787,071	$ 99,091,439	$ 177,878,510
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.75	$ 7.65	2,952,043	899,272	30.5%	$ 5,168,339,574	$ 66,180,798	$ 46,209,078	$ 112,389,876	$ 141,354,087	$ 253,743,963
2025	$ 13.50	$ 8.10	2,969,924	956,019	32.2%	$ 6,020,031,489	$ 77,086,748	$ 53,823,883	$ 130,910,631	$ 164,647,861	$ 295,558,492
2026	$ 14.25	$ 8.55	2,987,914	1,024,719	34.3%	$ 6,932,879,471	$ 88,775,803	$ 61,985,472	$ 150,761,275	$ 189,614,254	$ 340,375,529
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 7.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 14.00	$ 11.20	2,952,043	1,044,718	35.4%	$ 7,064,599,152	$ 90,462,479	$ 63,163,151	$ 153,625,630	$ 193,216,787	$ 346,842,417
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 14.00	$ 12.60	2,987,914	997,728	33.4%	$ 6,669,196,152	$ 85,399,328	$ 59,627,933	$ 145,027,260	$ 182,402,515	$ 327,429,775
2027	$ 14.00	$ 13.30	3,006,013	971,739	32.3%	$ 6,480,542,208	$ 82,983,606	$ 57,941,216	$ 140,924,822	$ 177,242,829	$ 318,167,652
2028	$ 14.00	$ 14.00	3,024,222	950,955	31.4%	$ 6,298,798,887	$ 80,656,376	$ 56,316,286	$ 136,972,661	$ 172,272,150	$ 309,244,811

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 8.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 14.00	$ 8.40	2,952,043	1,043,118	35.3%	$ 6,985,083,230	$ 89,444,274	$ 62,452,215	$ 151,896,490	$ 191,042,026	$ 342,938,516
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 14.00	$ 8.40	2,987,914	994,829	33.3%	$ 6,550,573,334	$ 83,880,358	$ 58,567,350	$ 142,447,708	$ 179,158,181	$ 321,605,889
2027	$ 14.00	$ 8.40	3,006,013	968,537	32.2%	$ 6,342,493,856	$ 81,215,891	$ 56,706,954	$ 137,922,845	$ 173,467,207	$ 311,390,052
2028	$ 14.00	$ 8.40	3,024,222	947,055	31.3%	$ 6,141,467,687	$ 78,641,743	$ 54,909,619	$ 133,551,363	$ 167,969,141	$ 301,520,504

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 9.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 13.00	$ 11.05	2,969,924	909,631	30.6%	$ 5,416,478,901	$ 69,358,232	$ 48,427,641	$ 117,785,874	$ 148,140,698	$ 265,926,572
2026	$ 13.00	$ 11.70	2,987,914	893,063	29.9%	$ 5,260,207,202	$ 67,357,167	$ 47,030,448	$ 114,387,615	$ 143,866,667	$ 258,254,282
2027	$ 13.00	$ 12.35	3,006,013	876,584	29.2%	$ 5,106,957,524	$ 65,394,799	$ 45,660,274	$ 111,055,072	$ 139,675,288	$ 250,730,360
2028	$ 13.00	$ 13.00	3,024,222	857,479	28.4%	$ 4,956,685,598	$ 63,470,560	$ 44,316,723	$ 107,787,283	$ 135,565,351	$ 243,352,634

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 10.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 13.00	$ 7.80	2,969,924	904,418	30.5%	$ 5,327,596,215	$ 68,220,086	$ 47,632,959	$ 115,853,045	$ 145,709,756	$ 261,562,802
2026	$ 13.00	$ 7.80	2,987,914	887,266	29.7%	$ 5,153,689,112	$ 65,993,198	$ 46,078,091	$ 112,071,290	$ 140,953,397	$ 253,024,687
2027	$ 13.00	$ 7.80	3,006,013	870,278	29.0%	$ 4,982,946,968	$ 63,806,838	$ 44,551,520	$ 108,358,359	$ 136,283,600	$ 244,641,958
2028	$ 13.00	$ 7.80	3,024,222	850,799	28.1%	$ 4,815,248,660	$ 61,659,455	$ 43,052,164	$ 104,711,618	$ 131,697,051	$ 236,408,669

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 11.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.00	$ 9.60	2,952,043	831,622	28.2%	$ 4,281,776,630	$ 54,828,324	$ 38,282,498	$ 93,110,822	$ 117,106,591	$ 210,217,413
2025	$ 12.00	$ 10.20	2,969,924	813,271	27.4%	$ 4,150,695,234	$ 53,149,821	$ 37,110,526	$ 90,260,347	$ 113,521,515	$ 203,781,862
2026	$ 12.00	$ 10.80	2,987,914	799,427	26.8%	$ 4,022,314,218	$ 51,505,897	$ 35,962,697	$ 87,468,594	$ 110,010,294	$ 197,478,888
2027	$ 12.00	$ 11.40	3,006,013	772,796	25.7%	$ 3,898,371,841	$ 49,918,810	$ 34,854,554	$ 84,773,363	$ 106,620,470	$ 191,393,833
2028	$ 12.00	$ 12.00	3,024,222	748,806	24.8%	$ 3,780,440,095	$ 48,408,689	$ 33,800,150	$ 82,208,839	$ 103,395,037	$ 185,603,875

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 12.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.00	$ 7.20	2,952,043	824,019	27.9%	$ 4,221,332,779	$ 54,054,338	$ 37,742,082	$ 91,796,420	$ 115,453,451	$ 207,249,871
2025	$ 12.00	$ 7.20	2,969,924	805,089	27.1%	$ 4,074,348,740	$ 52,172,201	$ 36,427,927	$ 88,600,128	$ 111,433,438	$ 200,033,567
2026	$ 12.00	$ 7.20	2,987,914	790,442	26.5%	$ 3,930,187,607	$ 50,326,212	$ 35,139,012	$ 85,465,224	$ 107,490,631	$ 192,955,855
2027	$ 12.00	$ 7.20	3,006,013	763,507	25.4%	$ 3,790,569,472	$ 48,538,396	$ 33,890,714	$ 82,429,110	$ 103,672,075	$ 186,101,185
2028	$ 12.00	$ 7.20	3,024,222	739,084	24.4%	$ 3,657,027,733	$ 46,828,389	$ 32,696,745	$ 79,525,133	$ 100,019,709	$ 179,544,842

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

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December 14, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-073 through 2018-084

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-073 through 2018-084 (the "Initiative Petitions"). If passed, any of these twelve initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a near doubling of the minimum wage to $15—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second

effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 68.54% (($15-$8.90)/$8.90) in Initiative Petitions 2018-073 through 2018-076 to a wage increase of 42.01% (($15-$8.45)/$8.45) in Initiative Petitions 2018-083 through 2018-084.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than

private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, as well as in Dr. Macpherson's 2014 report, attached hereto as **Exhibit A and Exhibit B**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that the initiative is "likely to result in significant costs to state and local governmental entities" through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307

2009	210.526	-0.0267124
2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05
2027	$9.20

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk

calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it anticipates a state level change to $15.00. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2022	$8.45	$12.00	42.01%	28.44%	225,876	64,244
2023	$8.60	$13.00	51.16%	34.64%	275,076	95,279
2024	$8.75	$14.00	60.00%	40.62%	322,589	131,036
2026	$9.05	$15.00	65.75%	44.51%	353,481	157,334
2027	$9.20	$15.00	63.04%	42.68%	338,952	144,666

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer

payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.30 per week,

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. The expected unemployment weekly benefit amount of a worker making $13.99 an hour is $290.99 per week. The expected unemployment weekly benefit amount of a worker making $14.99 an hour is $311.79 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-073 through 2018-078, [($159.30+$311.79)/2]*20 = $4,710.90
- For Initiative Petitions 2018-079 through 2018-080, [($159.30+$290.99)/2]*20 = $4,502.90
- For Initiative Petitions 2018-081 through 2018-082, [($159.30+$270.19)/2]*20 = $4,294.90
- For Initiative Petitions 2018-083 through 2018-084, [($159.30+$249.39)/2]*20 = $4,086.90

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Benefits Paid	Average Cost of Annual Unemployment Benefits Paid by State
2022 ($12)	64,244	$4,086.90	$91,895,081.93	$22,973,770.48
2023 ($13)	95,279	$4,294.90	$143,224,223.60	$28,644,844.72

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2024 ($14)	131,036	$4,502.90	$206,514,130.35	$34,419,021.73
2026 ($15)	157,334	$4,710.90	$259,415,324.82	$32,426,915.60
2027 ($15)	144,666	$4,710.90	$238,527,470.79	$26,503,052.31

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2022 ($12)	225,876	64,244	161,632	$596,746,272.84	$237,187,559.20
2023 ($13)	275,076	95,279	179,797	$822,752,260.32	$336,905,136.41
2024 ($14)	322,589	131,036	191,553	$1,045,881,167.64	$442,900,455.01
2026 ($15)	353,481	157,334	196,147	$1,213,758,000.24	$482,701,950.51
2027 ($15)	338,952	144,666	194,286	$1,171,933,152.00	$421,267,392.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be

less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$359,558,713.64	$10,786,761.41	$16,180,142.11
$485,847,123.91	$14,575,413.72	$21,863,120.58
$602,980,712.63	$18,089,421.38	$27,134,132.07
$731,056,049.73	$21,931,681.49	$32,897,522.24
$750,665,760.00	$22,519,972.80	$33,779,959.20

Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage in Final Year of Increase	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2022 ($12)	$642,397,362.71	$40,149,835.17	$20,074,917.58
2023 ($13)	$885,692,808.24	$55,355,800.51	$27,677,900.26
2024 ($14)	$1,125,891,076.96	$70,368,192.31	$35,184,096.16
2026 ($15)	$1,306,610,487.26	$81,663,155.45	$40,831,577.73
2027 ($15)	$1,261,586,038.13	$78,849,127.38	$39,424,563.69

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2022 ($12)	($3,894,775.47)
2023 ($13)	($5,814,779.68)
2024 ($14)	($8,049,964.09)
2026 ($15)	($7,934,055.49)
2027 ($15)	($5,644,604.49)

4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.

calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2022 ($12)	$359,558,714	$89,889,678	$642,397,363	($96,359,604)
2023 ($13)	$485,847,124	$121,461,781	$885,692,808	($132,853,921)
2024 ($14)	$602,980,713	$150,745,178	$1,125,891,077	($168,883,662)
2025 ($15)	$731,056,050	$182,764,012	$1,306,610,487	($195,991,573)
2026 ($15)	$750,665,760	$187,666,440	$1,261,586,038	($189,237,906)

Accordingly, the annual net losses in sales tax revenue, and total tax losses are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Loss in State Sales Tax	Total Annual Loss in State Tax Revenue	Annual Net Loss in Local Sales Tax
2022 ($12)	($3,894,775.47)	($273,354.37)	($4,168,129.84)	($231,946.85)
2023 ($13)	($5,814,779.68)	($481,317.93)	($6,296,097.61)	($408,408.23)
2024 ($14)	($8,049,964.09)	($766,350.92)	($8,816,315.01)	($650,264.63)
2026 ($15)	($7,934,055.49)	($558,864.44)	($8,492,919.93)	($474,208.05)
2027 ($15)	($5,644,604.49)	($66,394.43)	($5,710,998.92)	($56,337.05)

[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

Graves Garrett LLC

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

EXHIBIT
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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007,* 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006,* 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

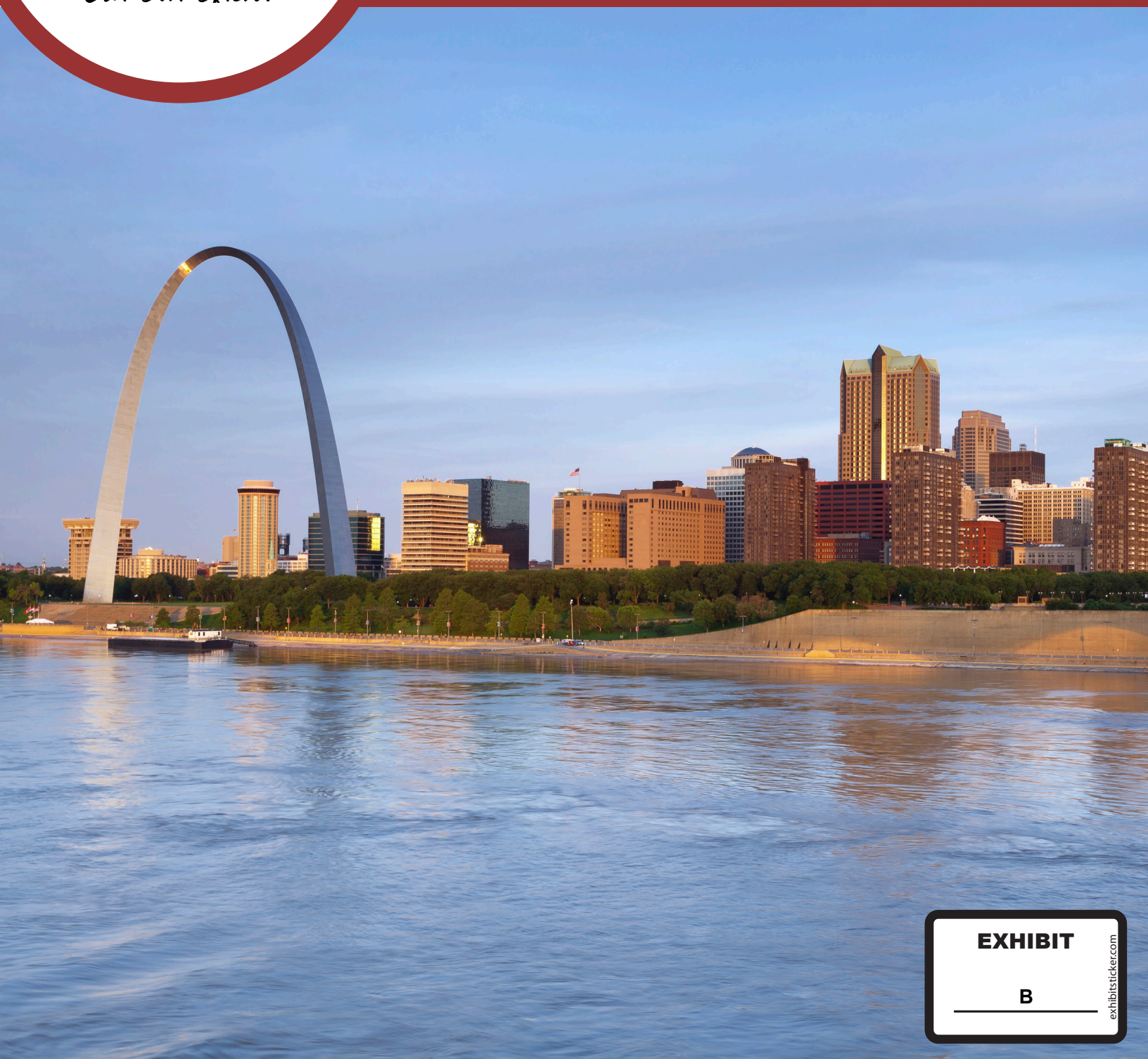
26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
Eat Out Often!

TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University,**. **Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $9 million decrease to a $407 million increase depending on business decisions.

STATE AUDITOR'S OFFICE
RECEIVED
DEC 0 6 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 6, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 2 (2018-074)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on December 5, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
DEC 05 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next seven years, until it reaches $15.00 per hour, effective January 1, 2026. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2027, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-one percent, effective January 1, 2019;
(2) fifty-three, effective January 1, 2020;
(3) fifty-five percent, effective January 1, 2021;
(4) fifty-seven percent, effective January 1, 2022;
(5) fifty-eight percent, effective January 1, 2023;
(6) sixty percent, effective January 1, 2024;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at

the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-074)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received December 6, 2016)

Date

December 22, 2016

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and Missouri Jobs with Justice Voter Action provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will defer to the Office of Administration regarding any costs associated with this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department because public employers are exempt.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the departmet's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated it appears Sections 290.502.4 and 290.512.3 would exclude public employers from the provisions of 290.502 subsection (3) and 290.512 subsection (2). They are a part of the definition of public employers. Therefore they assume there would be no direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. They defer to the Office of Administration - Budget and

Planning Division for a statewide response on how this petition may impact state revenues.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to this fiscal note request.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $8.00 per hour, beginning January 1, 2019 and by another $1.00 per hour each year until it reaches $15.00 per hour beginning January 1, 2026. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 51% of the minimum wage rate to tipped employees. Each year thereafter the rate increases until January 1, 2024 when tipped employees should be paid 60% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower overall employment (if employers choose to hold costs steady);
- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact for their office as it would be exempt from the provisions set forth in the petition.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted because cities are excluded from operation of the proposal.

Officials from the **City of Raymore** indicated there would be no direct fiscal impact on employee salaries. However there would be a potential increase cost in the capital projects. We have no way of predicting that value.

Officials from **University of Missouri** indicated we do not see an impact on the University of Missouri System.

Officials from **University of Central Missouri** indicated no fiscal impact.

Officials from **Missouri State University** indicated there will be no fiscal impact to their university for this fiscal note.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the proposed statutory amendment will have no fiscal impact on their university.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

November 24, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Proposal 1 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 2 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 3 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 4 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 5 $15 by 2027 and Tipped Minimum Wage at 100% by 2028
Proposal 6 $15 by 2027 and Tipped Minimum Wage at 60% by 2024
Proposal 7 $14 by 2024 and Tipped Minimum Wage at 100% by 2028
Proposal 8 $14 by 2024 and Tipped Minimum Wage at 60% by 2024
Proposal 9 $13 by 2023 and Tipped Minimum Wage at 100% by 2028
Proposal 10 $13 by 2023 and Tipped Minimum Wage at 60% by 2024
Proposal 11 $12 by 2022 and Tipped Minimum Wage at 100% by 2028
Proposal 12 $12 by 2022 and Tipped Minimum Wage at 60% by 2024

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Minimum Wage Initiative Petitions.

The estimated net fiscal impact for each of the twelve versions of the initiative in the final phase-in year is summarized in the right-most column of Table 2 below. The estimated net fiscal impact for each version of the initiative for 2019 and 2020 – the first two fiscal years of implementation – is summarized in Table 3 below.

Our analysis estimates the impact of each of the twelve proposed initiative petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax, with some refinements. We also address certain claims that have been made by opponents in the past.

As these proposed initiatives exclude from the minimum wage increases public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Accordingly, we do not include in our analysis any such estimates.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for the Final Year of Minimum Wage Phase-In.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW Increase	Aggregate Annual Wage Increase in Nominal Dollars
1	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
2	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
3	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
4	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
5	2027	$ 15.00	$ 14.25	1,097,200	$ 8,058,515,525
6	2027	$ 15.00	$ 9.00	1,096,645	$ 7,908,877,243
7	2024	$ 14.00	$ 11.20	1,044,718	$ 7,064,599,152
8	2024	$ 14.00	$ 8.40	1,043,118	$ 6,985,083,230
9	2023	$ 13.00	$ 9.75	949,801	$ 5,741,687,801
10	2023	$ 13.00	$ 7.54	944,495	$ 5,682,599,137
11	2022	$ 12.00	$ 8.40	867,022	$ 4,552,685,065
12	2022	$ 12.00	$ 6.84	858,952	$ 4,517,542,341

Note: Author's Analysis of American Community Survey (ACS) Data from 2014.

Across the twelve proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $4.517 billion (Proposal 12) to a high of $8.294 billion under Proposals 1 and 3. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables 1 through 12 below.

The wage impact of an increase in the Missouri minimum wage is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the State of Missouri was downloaded from the US Census Bureau. The ACS was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15% above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015)). Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

All wage earners are included in this calculation. To be consistent with past estimates, public employees should have been excluded. Employees in the public sector were included because the ACS does not have a published variable that

allows for identification of public employees. This inclusion of public employees will have a minimal impact on our results.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual inflation was to adjust wages to 2015. For all subsequent years between 2016 and 2028, baseline wages were inflated by the annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twelve proposals were analyzed. For each proposal, we constructed a baseline wage scenario which used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twelve minimum wage proposed scenarios. Since the minimum wage proposals offered six different paths for raising the minimum wage for all non-tipped private sector workers, and two different wage paths for tipped workers (for each proposal), we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings on an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighting factor for that employee in the population. The total impact for the State of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next we review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that were true, then those employment reductions would result in reductions in state income and sales tax revenue or increases in unemployment-related costs to the state.

However, as explained in greater detail below, review of the most credible recent empirical research on the minimum wage shows that increases have had no discernible impact on aggregate employment levels. Larger $15 minimum wage increases, such as those adopted recently in New York, California, Seattle and other jurisdictions, have not yet been studied to determine whether the same holds true for them. While it is possible that there may be some employment

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. Larger counties and cities will also have almost all public employees earning more than the highest proposed minimum wage. Local public employees in small counties and towns may have some public employees who earn less than the highest proposed minimum.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders', 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers.'

losses from such larger minimum wage increases as the result of increased use of automation or other factors, we offset this potential negative effect by not also calculating the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason, and because of the likely increases in wages to individuals who earn above the proposed minimum wages, the wage and tax impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A meta-study—a formal statistical study of studies—by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the bulk of the studies find that higher minimum wages have had little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results. (Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations, vol. 47, no. 2, pp. 406–28.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2) Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport. (Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522–543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84–105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139–63; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106–138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in

response to the minimum-wage rise. About 90% of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28–29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433–44; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543–69.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Note too, we conclude the same as to small businesses. In fact, the proposed increases will not affect some small businesses as the state minimum wage law exempts individuals employed by any retail or service business that has a gross volume of sales made or business done of less than $500,000 annually. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs—both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the twelve minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with slightly higher prices (which would be taxable). Studies are mixed as to whether businesses increase prices by even small amounts when the minimum wage increases.

Increase in Personal Income Tax Revenue and Sales Tax Revenue Due to Increased Wages. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax. In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The State of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that was taxable.[3] The resulting rate was 30.3%.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state and local sale tax revenue, and in state income tax revenue, resulting from the increased wages would be as follows for the final year of the minimum wage phase-in, for each of the twelve versions of the initiative:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Final Year of Full Minimum Wage Phase-In.

Proposal	Final Year of Minimum Wage Phase-In	State & Local Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
1	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
2	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
3	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
4	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
5	2027	$ 175,239,175	$ 220,400,400	$ 395,639,574
6	2027	$ 171,985,165	$ 216,307,793	$ 388,292,957
7	2024	$ 153,625,630	$ 193,216,787	$ 346,842,417
8	2024	$ 151,896,490	$ 191,042,026	$ 342,938,516
9	2023	$ 124,857,814	$ 157,035,161	$ 281,892,975
10	2023	$ 123,572,881	$ 155,419,086	$ 278,991,968
11	2022	$ 99,001,953	$ 124,515,937	$ 223,517,889
12	2022	$ 98,237,745	$ 123,554,783	$ 221,792,528

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50% of the spending on the category "apparel and services" was taxable.

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures.

As described in Table 2 above, the final fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase-out. The estimates of the total fiscal benefit range from $221 million to $407 million annually.

Section 23.140, RSMo., indicates that the fiscal note shall address the cost of the proposed legislation to the state for the first two fiscal years—which, in the case of the proposed initiatives, will be 2019 and 2020. Table 3 below summarizes our projected total sales and personal income tax revenue increases for years 2019 and 2020 for each of the twelve versions of the initiative:

Table 3. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in 2019 & 2020

Proposal	Total Sales and Personal Income Tax Revenue Increase—2019	Total Sales and Personal Income Tax Revenue Increase—2020
1	$ 60,008,101	$ 88,368,944
2	$ 59,882,683	$ 88,058,046
3	$ 93,306,606	$ 123,377,155
4	$ 93,142,857	$ 122,961,967
5	$ 91,491,028	$ 117,027,046
6	$ 91,328,763	$ 116,631,083
7	$ 91,491,028	$ 127,734,685
8	$ 91,328,763	$ 127,305,194
9	$ 91,491,028	$ 127,734,685
10	$ 91,328,763	$ 127,305,194
11	$ 91,491,028	$ 127,734,685
12	$ 91,328,763	$ 127,305,194

Complete year-by-year summaries of the fiscal benefits for all twelve versions of the proposed initiative can be found in Appendix tables 1 through 12.

Please also consider the following with reference to section 23.140, RSMo. The proposed measures will not establish a program or agency that will duplicate an existing program or agency. There is not a federal mandate for the proposed measures (although the United States Department of Labor currently supports minimum wage increases). The proposed measures will not have significant direct fiscal impact upon political subdivisions of the state because the measures exclude employees of public employers. And, the proposed measures do not require new physical facilities. We reference the economic impact of the proposed measures on small businesses in Section II above.

We hope that this information is useful to your office as you prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action

Appendix

Table A. Summary of Minimum Wage Proposals and Rates by Year, 2015-2028

	Proposal 1 & 2			Proposal 3 & 4			Proposal 5 & 6			Proposal 7 & 8			Proposal 9 & 10			Proposal 11 & 12		
	$15 by 2026			$15 by 2026			$15 by 2027			$14 by 2024			$13 by 2023			$12 by 2022		
Year	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B
2015	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2016	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2017	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88
2018	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94
2019	**$ 8.00**	$ 4.40	$ 4.08	**$ 9.05**	$ 4.98	$ 4.62	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59
2020	$ 9.00	$ 5.40	$ 4.77	$ 9.90	$ 5.94	$ 5.25	$ 9.75	$ 5.85	$ 5.17	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30
2021	$ 10.00	$ 6.50	$ 5.50	$ 10.75	$ 6.99	$ 5.91	$ 10.50	$ 6.83	$ 5.78	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05
2022	$ 11.00	$ 7.70	$ 6.27	$ 11.60	$ 8.12	$ 6.61	$ 11.25	$ 7.88	$ 6.41	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84
2023	$ 12.00	$ 9.00	$ 6.96	$ 12.45	$ 9.34	$ 7.22	$ 12.00	$ 9.00	$ 6.96	$ 13.00	$ 9.75	$ 7.54	$ 13.00	$ 9.75	$ 7.54	$ 12.00	$ 9.00	$ 6.96
2024	$ 13.00	$ 10.40	$ 7.80	$ 13.30	$ 10.64	$ 7.98	$ 12.75	$ 10.20	$ 7.65	$ 14.00	$ 11.20	$ 8.40	$ 13.00	$ 10.40	$ 7.80	$ 12.00	$ 9.60	$ 7.20
2025	$ 14.00	$ 11.90	$ 8.40	$ 14.15	$ 12.03	$ 8.49	$ 13.50	$ 11.48	$ 8.10	$ 14.00	$ 11.90	$ 8.40	$ 13.00	$ 11.05	$ 7.80	$ 12.00	$ 10.20	$ 7.20
2026	$ 15.00	$ 13.50	$ 9.00	$ 15.00	$ 13.50	$ 9.00	$ 14.25	$ 12.83	$ 8.55	$ 14.00	$ 12.60	$ 8.40	$ 13.00	$ 11.70	$ 7.80	$ 12.00	$ 10.80	$ 7.20
2027	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 14.00	$ 13.30	$ 8.40	$ 13.00	$ 12.35	$ 7.80	$ 12.00	$ 11.40	$ 7.20
2028	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 14.00	$ 14.00	$ 8.40	$ 13.00	$ 13.00	$ 7.80	$ 12.00	$ 12.00	$ 7.20

Note: Assumed minimum wage rates under existing law between 2015 and 2018 listed in grey shading. 2017 and 2018 MW rates assumed to increase according to annual average increase in the CPI-U for the Midwest Region between 2010-2016.

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposal 1.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.40	2,864,237	421,788	14.7%	$ 1,222,264,515	$ 15,651,147	$ 10,928,020	$ 26,579,166	$ 33,428,934	$ 60,008,101
2020	$ 9.00	$ 5.40	2,881,586	530,380	18.4%	$ 1,799,927,399	$ 23,048,143	$ 16,092,787	$ 39,140,930	$ 49,228,014	$ 88,368,944
2021	$ 10.00	$ 6.50	2,899,041	631,957	21.8%	$ 2,517,558,520	$ 32,237,439	$ 22,508,981	$ 54,746,420	$ 68,855,226	$ 123,601,646
2022	$ 11.00	$ 7.70	2,916,602	745,172	25.5%	$ 3,377,968,920	$ 43,255,029	$ 30,201,736	$ 73,456,766	$ 92,387,450	$ 165,844,216
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	37.2%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposal 2.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.08	2,864,237	420,743	14.7%	$ 1,219,709,970	$ 15,618,436	$ 10,905,180	$ 26,523,616	$ 33,359,068	$ 59,882,683
2020	$ 9.00	$ 4.77	2,881,586	528,273	18.3%	$ 1,793,594,927	$ 22,967,056	$ 16,036,169	$ 39,003,225	$ 49,054,821	$ 88,058,046
2021	$ 10.00	$ 5.50	2,899,041	627,965	21.7%	$ 2,503,864,976	$ 32,062,093	$ 22,386,550	$ 54,448,643	$ 68,480,707	$ 122,929,350
2022	$ 11.00	$ 6.27	2,916,602	738,066	25.3%	$ 3,351,722,654	$ 42,918,945	$ 29,967,074	$ 72,886,019	$ 91,669,615	$ 164,555,633
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposal 3.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.98	2,864,237	548,462	19.1%	$ 1,900,499,300	$ 24,335,971	$ 16,991,980	$ 41,327,950	$ 51,978,656	$ 93,306,606
2020	$ 9.90	$ 5.94	2,881,586	636,153	22.1%	$ 2,512,986,014	$ 32,178,888	$ 22,468,099	$ 54,646,987	$ 68,730,167	$ 123,377,155
2021	$ 10.75	$ 6.99	2,899,041	729,185	25.2%	$ 3,223,130,691	$ 41,272,319	$ 28,817,359	$ 70,089,679	$ 88,152,624	$ 158,242,303
2022	$ 11.60	$ 8.12	2,916,602	824,162	28.3%	$ 4,059,707,011	$ 51,984,713	$ 36,297,019	$ 88,281,732	$ 111,032,987	$ 199,314,719
2023	$ 12.45	$ 9.34	2,934,269	893,537	30.5%	$ 4,990,737,937	$ 63,906,602	$ 44,621,178	$ 108,527,780	$ 136,496,683	$ 245,024,462
2024	$ 13.30	$ 10.64	2,952,043	959,658	32.5%	$ 6,000,441,052	$ 76,835,891	$ 53,648,729	$ 130,484,620	$ 164,112,063	$ 294,596,683
2025	$ 14.15	$ 12.03	2,969,924	1,040,572	35.0%	$ 7,099,877,251	$ 90,914,217	$ 63,478,565	$ 154,392,782	$ 194,181,643	$ 348,574,425
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposal 4.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.62	2,864,237	547,296	19.1%	$ 1,897,164,012	$ 24,293,262	$ 16,962,159	$ 41,255,422	$ 51,887,436	$ 93,142,857
2020	$ 9.90	$ 5.25	2,881,586	633,553	22.0%	$ 2,504,529,330	$ 32,070,600	$ 22,392,490	$ 54,463,090	$ 68,498,877	$ 122,961,967
2021	$ 10.75	$ 5.91	2,899,041	724,839	25.0%	$ 3,206,008,487	$ 41,053,069	$ 28,664,273	$ 69,717,342	$ 87,684,332	$ 157,401,674
2022	$ 11.60	$ 6.61	2,916,602	816,188	28.0%	$ 4,028,411,748	$ 51,583,976	$ 36,017,214	$ 87,601,190	$ 110,177,061	$ 197,778,251
2023	$ 12.45	$ 7.22	2,934,269	886,538	30.2%	$ 4,936,926,743	$ 63,217,547	$ 44,140,063	$ 107,357,610	$ 135,024,946	$ 242,382,557
2024	$ 13.30	$ 7.98	2,952,043	955,827	32.4%	$ 5,926,500,505	$ 75,889,080	$ 52,987,641	$ 128,876,721	$ 162,089,789	$ 290,966,510
2025	$ 14.15	$ 8.49	2,969,924	1,038,903	35.0%	$ 6,999,334,098	$ 89,626,757	$ 62,579,629	$ 152,206,387	$ 191,431,788	$ 343,638,174
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 5.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 9.75	$ 5.85	2,881,586	616,817	21.4%	$ 2,383,644,943	$ 30,522,670	$ 21,311,687	$ 51,834,357	$ 65,192,689	$ 117,027,046
2021	$ 10.50	$ 6.83	2,899,041	689,691	23.8%	$ 2,975,549,883	$ 38,102,037	$ 26,603,789	$ 64,705,826	$ 81,381,289	$ 146,087,116
2022	$ 11.25	$ 7.88	2,916,602	784,685	26.9%	$ 3,651,492,961	$ 46,757,516	$ 32,647,259	$ 79,404,775	$ 99,868,332	$ 179,273,108
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.75	$ 10.20	2,952,043	904,578	30.6%	$ 5,237,058,923	$ 67,060,752	$ 46,823,484	$ 113,884,236	$ 143,233,562	$ 257,117,798
2025	$ 13.50	$ 11.48	2,969,924	959,850	32.3%	$ 6,114,487,630	$ 78,296,262	$ 54,668,396	$ 132,964,659	$ 167,231,237	$ 300,195,895
2026	$ 14.25	$ 12.83	2,987,914	1,026,895	34.4%	$ 7,054,339,607	$ 90,331,105	$ 63,071,423	$ 153,402,528	$ 192,936,188	$ 346,338,716
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 6.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 9.75	$ 5.17	2,881,586	614,272	21.3%	$ 2,375,579,835	$ 30,419,396	$ 21,239,578	$ 51,658,975	$ 64,972,108	$ 116,631,083
2021	$ 10.50	$ 5.78	2,899,041	684,908	23.6%	$ 2,959,643,079	$ 37,898,350	$ 26,461,570	$ 64,359,920	$ 80,946,238	$ 145,306,158
2022	$ 11.25	$ 6.41	2,916,602	777,265	26.6%	$ 3,623,087,338	$ 46,393,781	$ 32,393,291	$ 78,787,071	$ 99,091,439	$ 177,878,510
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.75	$ 7.65	2,952,043	899,272	30.5%	$ 5,168,339,574	$ 66,180,798	$ 46,209,078	$ 112,389,876	$ 141,354,087	$ 253,743,963
2025	$ 13.50	$ 8.10	2,969,924	956,019	32.2%	$ 6,020,031,489	$ 77,086,748	$ 53,823,883	$ 130,910,631	$ 164,647,861	$ 295,558,492
2026	$ 14.25	$ 8.55	2,987,914	1,024,719	34.3%	$ 6,932,879,471	$ 88,775,803	$ 61,985,472	$ 150,761,275	$ 189,614,254	$ 340,375,529
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 7.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 14.00	$ 11.20	2,952,043	1,044,718	35.4%	$ 7,064,599,152	$ 90,462,479	$ 63,163,151	$ 153,625,630	$ 193,216,787	$ 346,842,417
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 14.00	$ 12.60	2,987,914	997,728	33.4%	$ 6,669,196,152	$ 85,399,328	$ 59,627,933	$ 145,027,260	$ 182,402,515	$ 327,429,775
2027	$ 14.00	$ 13.30	3,006,013	971,739	32.3%	$ 6,480,542,208	$ 82,983,606	$ 57,941,216	$ 140,924,822	$ 177,242,829	$ 318,167,652
2028	$ 14.00	$ 14.00	3,024,222	950,955	31.4%	$ 6,298,798,887	$ 80,656,376	$ 56,316,286	$ 136,972,661	$ 172,272,150	$ 309,244,811

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 8.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 14.00	$ 8.40	2,952,043	1,043,118	35.3%	$ 6,985,083,230	$ 89,444,274	$ 62,452,215	$ 151,896,490	$ 191,042,026	$ 342,938,516
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 14.00	$ 8.40	2,987,914	994,829	33.3%	$ 6,550,573,334	$ 83,880,358	$ 58,567,350	$ 142,447,708	$ 179,158,181	$ 321,605,889
2027	$ 14.00	$ 8.40	3,006,013	968,537	32.2%	$ 6,342,493,856	$ 81,215,891	$ 56,706,954	$ 137,922,845	$ 173,467,207	$ 311,390,052
2028	$ 14.00	$ 8.40	3,024,222	947,055	31.3%	$ 6,141,467,687	$ 78,641,743	$ 54,909,619	$ 133,551,363	$ 167,969,141	$ 301,520,504

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 9.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 13.00	$ 11.05	2,969,924	909,631	30.6%	$ 5,416,478,901	$ 69,358,232	$ 48,427,641	$ 117,785,874	$ 148,140,698	$ 265,926,572
2026	$ 13.00	$ 11.70	2,987,914	893,063	29.9%	$ 5,260,207,202	$ 67,357,167	$ 47,030,448	$ 114,387,615	$ 143,866,667	$ 258,254,282
2027	$ 13.00	$ 12.35	3,006,013	876,584	29.2%	$ 5,106,957,524	$ 65,394,799	$ 45,660,274	$ 111,055,072	$ 139,675,288	$ 250,730,360
2028	$ 13.00	$ 13.00	3,024,222	857,479	28.4%	$ 4,956,685,598	$ 63,470,560	$ 44,316,723	$ 107,787,283	$ 135,565,351	$ 243,352,634

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 10.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 13.00	$ 7.80	2,969,924	904,418	30.5%	$ 5,327,596,215	$ 68,220,086	$ 47,632,959	$ 115,853,045	$ 145,709,756	$ 261,562,802
2026	$ 13.00	$ 7.80	2,987,914	887,266	29.7%	$ 5,153,689,112	$ 65,993,198	$ 46,078,091	$ 112,071,290	$ 140,953,397	$ 253,024,687
2027	$ 13.00	$ 7.80	3,006,013	870,278	29.0%	$ 4,982,946,968	$ 63,806,838	$ 44,551,520	$ 108,358,359	$ 136,283,600	$ 244,641,958
2028	$ 13.00	$ 7.80	3,024,222	850,799	28.1%	$ 4,815,248,660	$ 61,659,455	$ 43,052,164	$ 104,711,618	$ 131,697,051	$ 236,408,669

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 11.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.00	$ 9.60	2,952,043	831,622	28.2%	$ 4,281,776,630	$ 54,828,324	$ 38,282,498	$ 93,110,822	$ 117,106,591	$ 210,217,413
2025	$ 12.00	$ 10.20	2,969,924	813,271	27.4%	$ 4,150,695,234	$ 53,149,821	$ 37,110,526	$ 90,260,347	$ 113,521,515	$ 203,781,862
2026	$ 12.00	$ 10.80	2,987,914	799,427	26.8%	$ 4,022,314,218	$ 51,505,897	$ 35,962,697	$ 87,468,594	$ 110,010,294	$ 197,478,888
2027	$ 12.00	$ 11.40	3,006,013	772,796	25.7%	$ 3,898,371,841	$ 49,918,810	$ 34,854,554	$ 84,773,363	$ 106,620,470	$ 191,393,833
2028	$ 12.00	$ 12.00	3,024,222	748,806	24.8%	$ 3,780,440,095	$ 48,408,689	$ 33,800,150	$ 82,208,839	$ 103,395,037	$ 185,603,875

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 12.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.00	$ 7.20	2,952,043	824,019	27.9%	$ 4,221,332,779	$ 54,054,338	$ 37,742,082	$ 91,796,420	$ 115,453,451	$ 207,249,871
2025	$ 12.00	$ 7.20	2,969,924	805,089	27.1%	$ 4,074,348,740	$ 52,172,201	$ 36,427,927	$ 88,600,128	$ 111,433,438	$ 200,033,567
2026	$ 12.00	$ 7.20	2,987,914	790,442	26.5%	$ 3,930,187,607	$ 50,326,212	$ 35,139,012	$ 85,465,224	$ 107,490,631	$ 192,955,855
2027	$ 12.00	$ 7.20	3,006,013	763,507	25.4%	$ 3,790,569,472	$ 48,538,396	$ 33,890,714	$ 82,429,110	$ 103,672,075	$ 186,101,185
2028	$ 12.00	$ 7.20	3,024,222	739,084	24.4%	$ 3,657,027,733	$ 46,828,389	$ 32,696,745	$ 79,525,133	$ 100,019,709	$ 179,544,842

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

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December 14, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-073 through 2018-084

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-073 through 2018-084 (the "Initiative Petitions"). If passed, any of these twelve initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a near doubling of the minimum wage to $15—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second

effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 68.54% (($15-$8.90)/$8.90) in Initiative Petitions 2018-073 through 2018-076 to a wage increase of 42.01% (($15-$8.45)/$8.45) in Initiative Petitions 2018-083 through 2018-084.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than

private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, as well as in Dr. Macpherson's 2014 report, attached hereto as **Exhibit A and Exhibit B**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that the initiative is "likely to result in significant costs to state and local governmental entities" through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307

2009	210.526	-0.0267124
2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05
2027	$9.20

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk

calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it anticipates a state level change to $15.00. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2022	$8.45	$12.00	42.01%	28.44%	225,876	64,244
2023	$8.60	$13.00	51.16%	34.64%	275,076	95,279
2024	$8.75	$14.00	60.00%	40.62%	322,589	131,036
2026	$9.05	$15.00	65.75%	44.51%	353,481	157,334
2027	$9.20	$15.00	63.04%	42.68%	338,952	144,666

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer

payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.30 per week,

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. The expected unemployment weekly benefit amount of a worker making $13.99 an hour is $290.99 per week. The expected unemployment weekly benefit amount of a worker making $14.99 an hour is $311.79 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-073 through 2018-078, [($159.30+$311.79)/2]*20 = $4,710.90
- For Initiative Petitions 2018-079 through 2018-080, [($159.30+$290.99)/2]*20 = $4,502.90
- For Initiative Petitions 2018-081 through 2018-082, [($159.30+$270.19)/2]*20 = $4,294.90
- For Initiative Petitions 2018-083 through 2018-084, [($159.30+$249.39)/2]*20 = $4,086.90

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Benefits Paid	Average Cost of Annual Unemployment Benefits Paid by State
2022 ($12)	64,244	$4,086.90	$91,895,081.93	$22,973,770.48
2023 ($13)	95,279	$4,294.90	$143,224,223.60	$28,644,844.72

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2024 ($14)	131,036	$4,502.90	$206,514,130.35	$34,419,021.73
2026 ($15)	157,334	$4,710.90	$259,415,324.82	$32,426,915.60
2027 ($15)	144,666	$4,710.90	$238,527,470.79	$26,503,052.31

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2022 ($12)	225,876	64,244	161,632	$596,746,272.84	$237,187,559.20
2023 ($13)	275,076	95,279	179,797	$822,752,260.32	$336,905,136.41
2024 ($14)	322,589	131,036	191,553	$1,045,881,167.64	$442,900,455.01
2026 ($15)	353,481	157,334	196,147	$1,213,758,000.24	$482,701,950.51
2027 ($15)	338,952	144,666	194,286	$1,171,933,152.00	$421,267,392.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be

less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$359,558,713.64	$10,786,761.41	$16,180,142.11
$485,847,123.91	$14,575,413.72	$21,863,120.58
$602,980,712.63	$18,089,421.38	$27,134,132.07
$731,056,049.73	$21,931,681.49	$32,897,522.24
$750,665,760.00	$22,519,972.80	$33,779,959.20

Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage in Final Year of Increase	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2022 ($12)	$642,397,362.71	$40,149,835.17	$20,074,917.58
2023 ($13)	$885,692,808.24	$55,355,800.51	$27,677,900.26
2024 ($14)	$1,125,891,076.96	$70,368,192.31	$35,184,096.16
2026 ($15)	$1,306,610,487.26	$81,663,155.45	$40,831,577.73
2027 ($15)	$1,261,586,038.13	$78,849,127.38	$39,424,563.69

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2022 ($12)	($3,894,775.47)
2023 ($13)	($5,814,779.68)
2024 ($14)	($8,049,964.09)
2026 ($15)	($7,934,055.49)
2027 ($15)	($5,644,604.49)

4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.

calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2022 ($12)	$359,558,714	$89,889,678	$642,397,363	($96,359,604)
2023 ($13)	$485,847,124	$121,461,781	$885,692,808	($132,853,921)
2024 ($14)	$602,980,713	$150,745,178	$1,125,891,077	($168,883,662)
2025 ($15)	$731,056,050	$182,764,012	$1,306,610,487	($195,991,573)
2026 ($15)	$750,665,760	$187,666,440	$1,261,586,038	($189,237,906)

Accordingly, the annual net losses in sales tax revenue, and total tax losses are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Loss in State Sales Tax	Total Annual Loss in State Tax Revenue	Annual Net Loss in Local Sales Tax
2022 ($12)	($3,894,775.47)	($273,354.37)	($4,168,129.84)	($231,946.85)
2023 ($13)	($5,814,779.68)	($481,317.93)	($6,296,097.61)	($408,408.23)
2024 ($14)	($8,049,964.09)	($766,350.92)	($8,816,315.01)	($650,264.63)
2026 ($15)	($7,934,055.49)	($558,864.44)	($8,492,919.93)	($474,208.05)
2027 ($15)	($5,644,604.49)	($66,394.43)	($5,710,998.92)	($56,337.05)

[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

Graves Garrett LLC

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
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March 26, 2012

EXHIBIT
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FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

DAVID A. MACPHERSON

3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

"Pension Investments in Employer Stock," *Journal of Pension Economics and Finance*, March 2008, pp. 67-93, with William Even.

"Defined Contribution Plans and the Distribution of Pension Wealth," *Industrial Relations*, July 2007, pp. 551-581, with William Even.

"Lost Profits Damages to New Businesses: Adjusting for Survival," *Journal of Business Valuation and Economic Loss Analysis*, October 2006, pp. 1-12, with Stanley Stephenson.

"Determinants and Effects of Employer Matching Contributions in 401(k) Plans," *Industrial Relations*, July 2005, pp. 525-549, with William Even.

"When Will the Gender Gap in Retirement Income Narrow?" *Southern Economic Journal*, July 2004, pp. 182-200, with William Even.

"Company Stock in Pension Funds," *National Tax Journal*, June 2004, pp. 299-313, with William Even.

"Wages, Sorting on Skill, and the Racial Composition of Jobs," *Journal of Labor Economics*, January 2004, pp.189-210, with Barry Hirsch.

"Racial and Ethnic Differences in Pension Wealth," *Research in Labor Economics*, 2003, pp. 203-226, with William Even.

"Do Terminated Employees Catch Up? Evidence From the Displaced Worker Survey," *Journal of Forensic Economics*, Spring/Summer 2003, pp. 185-199, with Michael Piette.

"Union Membership and Coverage Database from the Current Population Survey: Note," *Industrial and Labor Relations Review*, January 2003, pp. 349-354, with Barry Hirsch.

"The Wage and Employment Dynamics of Minimum Wage Workers," *Southern Economic Journal,* January 2003, pp. 676-690, with William Even.

"State-Level Estimates of Union Density, 1964 to Present," *Monthly Labor Review*, July 2001, pp. 51-55, with Barry Hirsch and Wayne Vroman (accompanying data online).

"The Changing Distribution of Pension Coverage," *Industrial Relations*, April 2000, pp. 199-227, with William Even.

"Occupational Age Structure and Access for Older Workers," *Industrial and Labor Relations Review*, April 2000, pp. 401-418, with Barry Hirsch and Melissa Hardy.

"Earnings, Rents, and Competition in the Airline Labor Market," *Journal of Labor Economics*, January 2000, pp. 125-155, with Barry Hirsch.

"Estimating Wage Differentials: When Does Cost-of-Living Matter?" *Economic Inquiry*, October 1999, pp. 577-598, with Mike DuMond and Barry Hirsch.

"Worker's Compensation Recipency in Union and Nonunion Workplaces," *Industrial and Labor Relations Review*, January 1997, pp. 213-236, with Barry Hirsch and Michael DuMond.

"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

"The Consequences of Indexing Minimum Wages," *Contemporary Economic Policy,* October 1996, pp. 67-77, with William Even.

"Employer Size and Labor Turnover: The Role of Pensions," *Industrial and Labor Relations Review*, July 1996, pp. 707-728, with William Even.

"The Consequences of Non-FICA Status in State and Local Pensions," *Proceedings of National Tax Association Meetings*, 1996, with William Even.

"Wages and Gender Composition: Why Do Women's Jobs Pay Less?" *Journal of Labor Economics*, July 1995, pp. 426-471, with Barry Hirsch.

"Employer Size and Compensation: The Role of Worker Characteristics," *Applied Economics*, September 1994, pp. 897-907, with William Even

"Gender Differences in Pensions," *Journal of Human Resources*, Spring 1994, pp. 555-587, with William Even.

"Why Did Male Pension Coverage Decline in the 1980s?", *Industrial and Labor Relations Review*, April 1994, pp. 439-453, with William Even.

"Unionism and Gross Employment Flows," *Southern Economic Journal*, January 1994, pp. 427-438, with Timothy Dunne.

"The Decline of Private-Sector Unionism and the Gender Wage Gap," *Journal of Human Resources*, Spring 1993, pp. 279-296, with William Even.

"Union Membership and Coverage Data Available From the Current Population Surveys: Note." *Industrial and Labor Relations Review*, April 1993, pp. 574-578, with Barry Hirsch.

"Employer-Provided Retiree Health Insurance: Who is Covered?" *Economics Letters*, May 1992, pp. 95-99.

"Union Wage Differentials and the Effects of Industry and Local Union Density: Evidence from the 1980s," *Journal of Labor Research*, Fall 1991, pp. 419-427, with Michael Curme.

"The Effects of Extended Families and Marital Status on Housing Consumption by Black Female-Headed Households," *Review of Black Political Economy*, Winter/Spring 1991, pp. 65-84, with James Stewart.

"The Impact of Unionism on Fringe Benefit Coverage," *Economics Letters*, May 1991, pp. 87-91, with William Even.

"A Note on Ownership and Performance in Manufacturing Firms," *Southern Economic Journal*, April 1991, pp. 1164-1169, with Timothy Dunne.

"Union Membership and Contract Coverage in the United States, 1983-1988," *Industrial and Labor Relations Review*, October 1990, pp. 5-33, with Michael Curme and Barry Hirsch.

"The Gender Gap in Pensions and Wages," *Review of Economics and Statistics*, May 1990, pp. 259-265, with William Even.

"The Effect of International Competition on Union and Nonunion Wages," *Industrial and Labor Relations Review*, April 1990, pp. 434-446, with James Stewart.

"Plant Size and the Decline of Unionism," *Economics Letters*, April 1990, pp. 393-398, with William Even.

"Trade Unions and Labor's Share in U.S. Manufacturing Industries," *International Journal of Industrial Organization*, March 1990, pp. 143-51.

"The Labor Force Participation and Earnings Profiles of Married Female Immigrants," *Quarterly Review of Economics and Business*, Autumn 1989, pp. 57-72, with James Stewart.

"The Labor Supply and School Attendance of Black Women in Extended and Nonextended Households," *American Economic Review Papers and Proceedings*, May 1989, pp. 71-74, with James Stewart.

"Self-Employment and Married Women," *Economics Letters*, December 1988, pp. 281-284.

"Unionism and the Dispersion of Wages Among Blue-Collar Women," *Journal of Labor Research*, Fall 1987, pp. 395-405, with James Stewart.

Journal Publications (Real Estate and Insurance)

"The Use of Post-Loss Assessments in Catastrophic Financing," *Risk Insurance and Management Review*, forthcoming, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"A Meta Analysis of Selling Price and Time on the Market," *Journal of Housing Research,* Issue 2010, pp. 139-152, with Stacy Sirmans and Lynn MacDonald.

"A Comparison of Hurricane Loss Models," *Journal of Insurance Issues*, Spring 2010, pp. 31-53, with Kathleen McCullough and Cassandra Cole.

"A Review of the Development of Residual Market Mechanisms in Florida," *Journal of Insurance Regulation*, Summer 2009, pp. 55-80, with Patrick Maroney, Charles Nyce, Kathleen McCullough, James W. Newman Jr., and Cassandra Cole.

"The History of Property Tax Capitalization in Real Estate," *Journal of Real Estate Literature*, Issue 3 2008, pp. 327-343, with Dean Gatzlaff and Stacy Sirmans.

"Horizontal and Vertical Inequity in Real Property Taxation," *Journal of Real Estate Literature*, Issue 2 2008, pp. 167-180, with Dean Gatzlaff and Stacy Sirmans.

"The Title Insurance Industry: Examining a Decade of Growth," *Journal of Insurance Regulation*, Summer 2007, pp. 23-51, with Randy Dumm and Stacy Sirmans.

"The Value of Housing Characteristics: A Meta Analysis" *Journal of Real Estate Finance and Economics*, November 2006, pp. 215-240, with Stacy Sirmans, Lynn MacDonald, and Emily Zeitz.

"The Composition of Hedonic Pricing Models," *Journal of Real Estate Literature*, Issue 1 2005, pp. 3-43, with Stacy Sirmans.

"The State of Affordable Housing," *Journal of Real Estate Literature*, Issue 2 2003, pp. 133-155, with Stacy Sirmans.

"Affinity Programs and Real Estate Brokerage," *Journal of Real Estate Research*, November-December 2001, pp. 337-351, with Stacy Sirmans.

"Neighborhood Diversity and House Price Appreciation," *Journal of Real Estate Finance and Economics*, January 2001, pp. 81-97, with Stacy Sirmans.

"Forecasting Seniors Housing Demand in Florida," *Journal of Real Estate Portfolio Management*, 1999, pp. 259-74, with G. Stacy Sirmans.

Publications in Books

"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

"Living Wage Laws and the Case for a Targeted Wage Subsidy," in *Living Wage Movements: Global Perspectives*, ed. Deborah M. Figart, Routledge, 2004.

"Benefits and Worker Productivity," with William Even, in *Benefits for the Workplace of Tomorrow,* eds. Olivia S. Mitchell, David S. Blitzstein, Michael S. Gordon, and Judith F. Mazo, University of Pennsylvania Press, 2003.

"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

"The Effect of a Job Loss on the Employment Experience, Benefits, and Retirement Savings of Bank Officers," with Jill Quadagno and Jennifer Keene, in *Ensuring Health and Income Security for an Aging Workforce*, ed. Peter P. Budetti, W.E. Upjohn Institute, 2001.

"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

June 2014

MISSOURI
Restaurant Association
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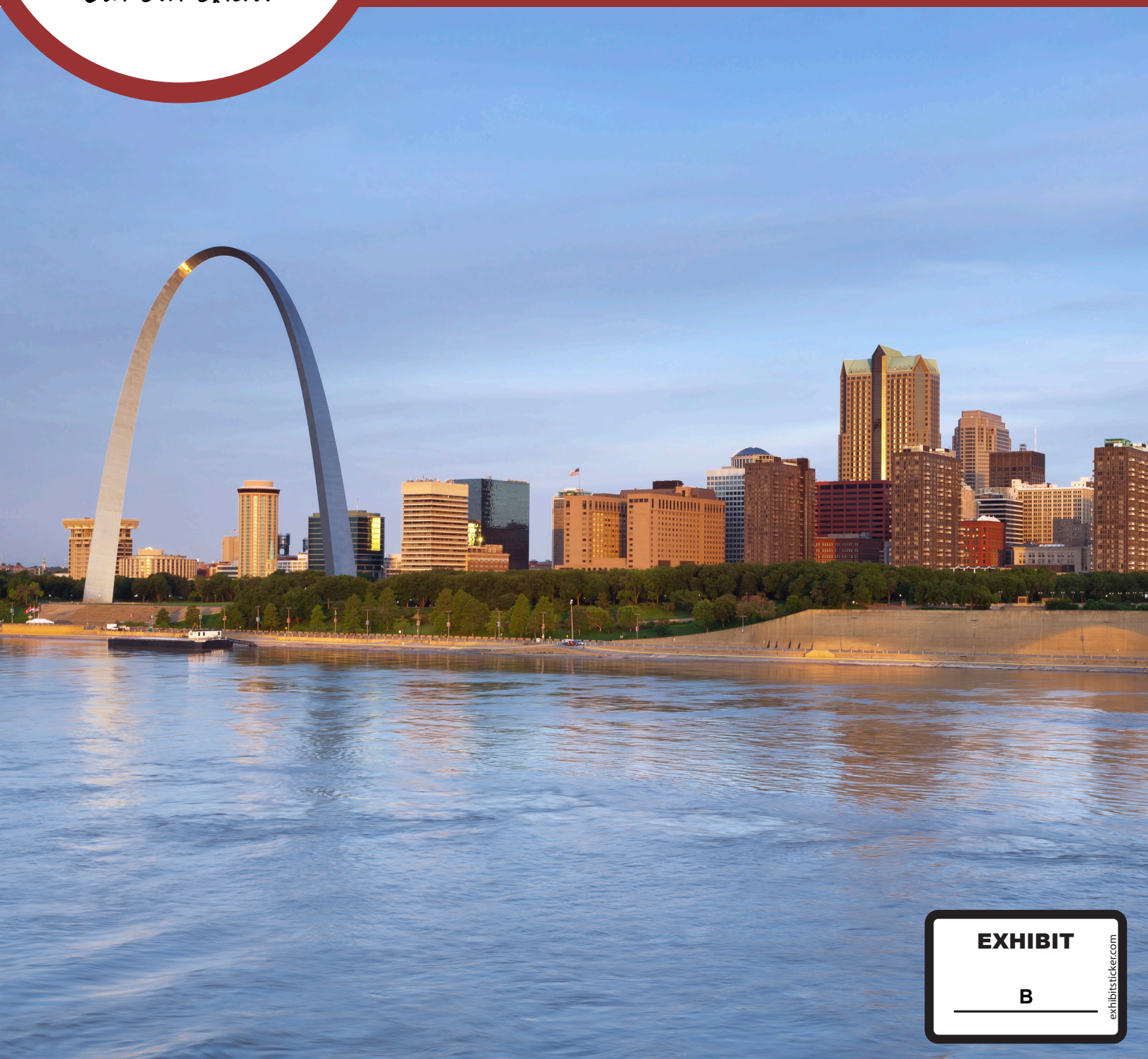
The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University,**. **Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $9 million decrease to a $401 million increase depending on business decisions.

STATE AUDITOR'S OFFICE
RECEIVED
DEC 0 6 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 6, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 1 (2018-073)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on December 5, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
DEC 05 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next seven years, until it reaches $15.00 per hour, effective January 1, 2026. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2027, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-five percent, effective January 1, 2019;
(2) sixty percent, effective January 1, 2020;
(3) sixty-five percent, effective January 1, 2021;
(4) seventy percent, effective January 1, 2022;
(5) seventy-five percent, effective January 1, 2023;
(6) eighty percent, effective January 1, 2024;
(7) eighty-five percent, effective January 1, 2025;
(8) ninety percent, effective January 1, 2026;
(9) ninety-five percent; effective January 1, 2027;
(10) one hundred percent, effective January 1, 2028;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-073)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 290 of the Revised Statutes of Missouri. (Received December 6, 2016)

Date

December 22, 2016

Description

This proposal would amend Chapter 290 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided information as proponents of the proposal to the State Auditor's office.

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided information as an opponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will defer to the Office of Administration regarding any costs associated with this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department, as public employers are exempt from the new provisions.

Officials from the **Department of Health and Senior Services** indicated this proposal would have no direct fiscal impact on their department since government employees are exempt from its provisions. However, employees of certain entities that receive funding through the department's budget would be impacted, such as Medicaid Home and Community Based Services vendors/providers and Area Agencies on Aging.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated it appears Sections 290.502.4 and 290.512.3 would exclude public employers from the provisions of 290.502 subsection (3) and 290.512 subsection (2). They are a part of the definition of public employers. Therefore they assume there would be no direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this petition will have no fiscal impact on their department. They defer to the Office of Administration - Budget and

Planning Division for a statewide response on how this petition may impact state revenues.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department. They defer to the Office of Administration for response to this fiscal note request.

Officials from the **Governor's office** indicated there should be no added cost or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this proposal amends Sections 290.502, 290.512, 290.527, RSMo and adds Section 290.529, RSMo.

Section 290.502, RSMo, increases the minimum wage to $8.00 per hour, beginning January 1, 2019 and by another $1.00 per hour each year until it reaches $15.00 per hour beginning January 1, 2026. Thereafter, the minimum wage will be adjusted annually based on the increase/decrease in the cost of living.

Section 290.512, RSMo, increases the base salary for tipped employees. Effective January 1, 2019, employers must pay at least 55% of the minimum wage rate to tipped employees. Each year thereafter the rate increases by five percent until January 1, 2028 when tipped employees should be paid 100% of the minimum wage as established in Section 290.502, RSMo.

The proposal exempts public employers from both requirements; therefore, there would be no cost to the State of Missouri.

Because no tax rates are affected, there is no direct impact on general and total state revenues. However, these proposals may have several indirect affects which could impact revenue collections by an unknown amount, including but not limited to:

- Increased wages for certain employees. According to the US BLS, in 2015, Missouri had 57,000 hourly employees earning wages at or below the federal minimum wage;[1]
- Increased consumption by those employees;

[1] http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm

- Lower overall employment (if employers choose to hold costs steady);
- Lower business investment (if employers' payrolls increase);
- Increased prices as firms pass–through labor costs.

This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact for their office as it would be exempt from the provisions set forth in the petition.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted because cities are excluded from operation of the proposal.

Officials from the **City of Raymore** indicated there would be no direct fiscal impact on employee salaries. However there would be a potential increase cost in the capital projects. We have no way of predicting that value.

Officials from **University of Missouri** indicated we do not see an impact on the University of Missouri System.

Officials from **University of Central Missouri** indicated no fiscal impact.

Officials from **Missouri State University** indicated there will be no fiscal impact to their university for this fiscal note.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated the proposed statutory amendment will have no fiscal impact on their university.

Lara Granich and **Missouri Jobs with Justice Voter Action** provided the following information as proponents of this initiative petition.

November 24, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Minimum Wage Initiative Petitions

Proposal 1 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 2 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 3 $15 by 2026 and Tipped Minimum Wage at 100% by 2028
Proposal 4 $15 by 2026 and Tipped Minimum Wage at 60% by 2024
Proposal 5 $15 by 2027 and Tipped Minimum Wage at 100% by 2028
Proposal 6 $15 by 2027 and Tipped Minimum Wage at 60% by 2024
Proposal 7 $14 by 2024 and Tipped Minimum Wage at 100% by 2028
Proposal 8 $14 by 2024 and Tipped Minimum Wage at 60% by 2024
Proposal 9 $13 by 2023 and Tipped Minimum Wage at 100% by 2028
Proposal 10 $13 by 2023 and Tipped Minimum Wage at 60% by 2024
Proposal 11 $12 by 2022 and Tipped Minimum Wage at 100% by 2028
Proposal 12 $12 by 2022 and Tipped Minimum Wage at 60% by 2024

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following fiscal impact information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Minimum Wage Initiative Petitions.

The estimated net fiscal impact for each of the twelve versions of the initiative in the final phase-in year is summarized in the right-most column of Table 2 below. The estimated net fiscal impact for each version of the initiative for 2019 and 2020 – the first two fiscal years of implementation – is summarized in Table 3 below.

Our analysis estimates the impact of each of the twelve proposed initiative petitions on state and local sales and personal income tax revenue in Missouri. We follow the process that has been used in the past to estimate the impact of minimum initiative petitions on state and local sales and personal income tax, with some refinements. We also address certain claims that have been made by opponents in the past.

As these proposed initiatives exclude from the minimum wage increases public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Accordingly, we do not include in our analysis any such estimates.

I. Estimate of Number of Workers Affected Statewide and the Impact on Their Wages

Table 1. Summary of the Number of Affected Workers and Aggregate Wage Increases for the Final Year of Minimum Wage Phase-In.

Proposal	Year of Peak Minimum Wage (MW)	Proposed Peak MW	Tipped MW in Peak MW Year	Workers Affected by MW Increase	Aggregate Annual Wage Increase in Nominal Dollars
1	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
2	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
3	2026	$ 15.00	$ 13.50	1,117,399	$ 8,294,071,138
4	2026	$ 15.00	$ 9.00	1,117,399	$ 8,165,764,211
5	2027	$ 15.00	$ 14.25	1,097,200	$ 8,058,515,525
6	2027	$ 15.00	$ 9.00	1,096,645	$ 7,908,877,243
7	2024	$ 14.00	$ 11.20	1,044,718	$ 7,064,599,152
8	2024	$ 14.00	$ 8.40	1,043,118	$ 6,985,083,230
9	2023	$ 13.00	$ 9.75	949,801	$ 5,741,687,801
10	2023	$ 13.00	$ 7.54	944,495	$ 5,682,599,137
11	2022	$ 12.00	$ 8.40	867,022	$ 4,552,685,065
12	2022	$ 12.00	$ 6.84	858,952	$ 4,517,542,341

Note: Author's Analysis of American Community Survey (ACS) Data from 2014.

Across the twelve proposals analyzed, the total aggregate wage increase for workers in Missouri ranges from a low of $4.517 billion (Proposal 12) to a high of $8.294 billion under Proposals 1 and 3. While some proposals have the same final impact numbers, they have different impacts in the initial years (not listed) based on the relative pace of increases in earlier years. A full, year-by-year impact analysis is presented in Appendix Tables 1 through 12 below.

The wage impact of an increase in the Missouri minimum wage is calculated using the following procedure. The American Community Survey (ACS) Public Use Micro Sample for the most recent year available (2014) for the State of Missouri was downloaded from the US Census Bureau. The ACS was chosen over the Current Population survey because the ACS has a significantly larger sample. We followed the method of Perry, Thomason, and Bernhardt (2016) for calculating an hourly wage rate from the ACS based on observed total annual wage income, typical hours worked each week and weeks worked per year. Since ACS income figures are clustered around whole-numbers, we smoothed the wage distribution by randomly adding or subtracting $0.25 from each wage figure.

Wage adjustments were made only for those individuals earning less than the proposed minimum wage, or proposed tipped minimum wage. We did not make additional adjustments for the "ripple effect" of minimum wage increases on workers earning slightly above the new threshold. Recent evidence suggests that workers earning up to 15% above of the minimum wage also receive small increases in response to a minimum wage increase. (See Wicks-Lim (2006) and Dube, Giuliano and Leonard (2015)). Thus, the estimated impacts listed above are likely to be smaller than the actual impact of increasing the minimum wage to the proposed level.

All wage earners are included in this calculation. To be consistent with past estimates, public employees should have been excluded. Employees in the public sector were included because the ACS does not have a published variable that

allows for identification of public employees. This inclusion of public employees will have a minimal impact on our results.[1]

All wages from the 2014 survey were adjusted upward to account for inflation between the time of the survey and the time of measurement of the impact. Actual inflation was to adjust wages to 2015. For all subsequent years between 2016 and 2028, baseline wages were inflated by the annual average rate of change in the Consumer Price Index for Urban Workers (CPI-U) for the Midwest region. The 2015 and 2016 Missouri Minimum wage of $7.65 was adjusted by the same factor prior to measuring the impact of a change to the proposed minimum wage in 2019.

After these adjustments, the resulting hourly wage of all employees was compared to the proposed minimum wage. A total of twelve proposals were analyzed. For each proposal, we constructed a baseline wage scenario which used only basic wage changes from expected inflation rates to predict each ACS respondent's hourly wage rate in each year between 2019 and 2028. We then constructed a counterfactual, or "proposed" wage distribution for each worker under all twelve minimum wage proposed scenarios. Since the minimum wage proposals offered six different paths for raising the minimum wage for all non-tipped private sector workers, and two different wage paths for tipped workers (for each proposal), we create separate minimum wage changes for tipped and non-tipped workers. Specifically, we used information on a worker's occupation and observed wage levels to separately identify tipped workers and assign them the proposed tipped minimum wage in each year, rather than the higher non-tipped minimum wage.[2]

If the proposed minimum wage was less than the inflation-adjusted hourly earnings of an employee, then no impact was calculated. If the proposed minimum wage was more than the hourly earnings on an employee, then the difference between the inflation-adjusted hourly earnings (i.e. baseline) and the proposed minimum wage was calculated. That difference was multiplied by the number of hours the employee worked in the year to calculate the annual impact for that employee. The result was then multiplied by a weighting factor for that employee in the population. The total impact for the State of Missouri was then summed across all affected workers to generate a total estimated increase in wage income in the state.

II. Economic Literature on the Impact of Minimum Wage Increases on Employment

Next we review the economic literature on the impact of minimum wage increases on employment. Opponents often claim that minimum wage increases may reduce employment in a state. If that were true, then those employment reductions would result in reductions in state income and sales tax revenue or increases in unemployment-related costs to the state.

However, as explained in greater detail below, review of the most credible recent empirical research on the minimum wage shows that increases have had no discernible impact on aggregate employment levels. Larger $15 minimum wage increases, such as those adopted recently in New York, California, Seattle and other jurisdictions, have not yet been studied to determine whether the same holds true for them. While it is possible that there may be some employment

[1] For Missouri's state employees, this can be validated by viewing the earnings of all state employees at: http://mapyourtaxes.mo.gov/MAP/Employees/. Larger counties and cities will also have almost all public employees earning more than the highest proposed minimum wage. Local public employees in small counties and towns may have some public employees who earn less than the highest proposed minimum.

[2] We defined tipped workers as those employed in occupations that typically receive a large share of income as tips. These occupations were 'Bartenders', 'Waiters and Waitresses', 'Food Servers, Non-restaurant' and 'Miscellaneous food preparation and serving related workers including dining room and cafeteria attendants and bartender helpers.'

losses from such larger minimum wage increases as the result of increased use of automation or other factors, we offset this potential negative effect by not also calculating the positive potential job growth stemming from multiplier effects of the spending of minimum wage workers who receive substantial raises. There is substantial research to indicate that increases in the minimum wage have multiplier effects that increase the direct effects. For this reason, and because of the likely increases in wages to individuals who earn above the proposed minimum wages, the wage and tax impacts summarized in the table are considered conservative estimates relative to the total impact that would occur as a result of increasing the minimum wage to the proposed levels.

Economists have conducted hundreds of studies of the employment impact of the minimum wage. A meta-study—a formal statistical study of studies—by Doucouliagos and Stanley (2009) reviewed all the research conducted over the last three decades on the employment impact of minimum wage increases on teenagers in the United States. The researchers concluded that the bulk of the studies find that higher minimum wages have had little or no discernible effect on the employment prospects of low-wage workers. Their study followed a rigorous, peer-reviewed procedure and has the advantage of using a set of predetermined, objective criteria for weighing the validity of statistical findings across studies with different results. (Source: Doucouliagos, Hristos and T. D. Stanley. 2009. "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." British Journal of Industrial Relations, vol. 47, no. 2, pp. 406–28.)

Recent theoretical and empirical research emphasizes several explanations for the consistently negligible employment impacts of moderate increases in the minimum wage. First, relative to total wage costs, minimum wage increases are small. Second, employers and workers appear to respond to minimum-wage increases in many ways that reduce the direct cost to employers and substantially reduce or eliminate the need to cut employment.

Probably the most important economic response to a higher minimum wage is a reduction in turnover. At higher wages, employers fill vacancies faster and retain employees longer, boosting total employment and average productivity per worker while reducing direct and indirect training costs. Dube, Lester, and Reich (2012), for example, examined the effect of the minimum wage on labor turnover among teens and restaurant workers. They find "...striking evidence that separations, new hires, and turnover rates for teens and restaurant workers fall substantially following a minimum wage increase..." (p. 2) Their findings, using nationally representative data, are consistent with local case studies of the minimum wage and related "living wage" laws, including Dube, Naidu, and Reich's (2007) analysis of the San Francisco city-wide minimum wage; Fairris's (2005) study of local government contractors in Los Angeles; Howes (2005) on homecare workers in California; and Reich, Hall, and Jacobs (2005) on workers at the San Francisco airport. (Sources: Dube, Arindrajit, T. William Lester, and Michael Reich. 2012. "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." Berkeley, CA: Institute for Research on Labor and Employment. http://escholarship.org/uc/item/76p927ks; Dube, Arindrajit, Suresh Naidu, and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review*, vol. 60, no. 4, pp. 522–543; Fairris, David. 2005. "The Impact of Living Wages on Employers: A Control Group Analysis of the Los Angeles Ordinance." *Industrial Relations*, vol. 44, no. 1, pp. 84–105; Howes, Candace. 2005. "Living Wages and the Retention of Home Care Workers in San Francisco." *Industrial Relations*, vol. 44, 5 no. 1, pp. 139–63; Reich, Michael, Peter Hall, and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses." *Industrial Relations*, vol. 44, no. 1, pp. 106–138.)

Employers also appear to respond to increases in the minimum wage by taking measures to boost productivity. Hirsch, Kaufman, and Zelenska's (2011) study of the impact of the federal minimum wage increase on 81 fast-food restaurants in Georgia and Alabama, for example, asked fast-food managers about the scope for efficiency improvements in

response to the minimum-wage rise. About 90% of managers indicated that they planned to respond to the minimum wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers." (p. 27) Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity." (pp. 28–29) Based on their interviews with store managers, the researchers concluded that a minimum wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." (p. 29) (Source: Hirsch, Barry T., Bruce Kaufman, and Tetyana Zelenska, "Minimum Wage Channels of Adjustment." IZA Discussion Paper No. 6132. Germany: Institute for the Study of Labor. http://www2.gsu.edu/~ecobth/IZA_HKZ_MinWageCoA_dp6132.pdf)

A higher minimum wage may also motivate workers to work harder, independently of any actions by employers to increase productivity. According to "efficiency wage" theory, wages above the competitive-market rate may elicit greater work effort for several reasons. As Carl Shapiro and Joseph Stiglitz (1984) have argued, higher pay increases the cost to workers of losing their job, potentially inducing greater effort from workers in order to reduce their chances of being fired. George Akerlof (1982), arguing from a more sociological point of view, has suggested that workers may see higher wages as a gift from employers, leading workers to reciprocate by working harder. (Sources: Shapiro, Carl and Joseph E. Stiglitz. 1984. "Equilibrium unemployment as a worker discipline device." *American Economic Review*, vol. 74, no. 3, pp. 433–44; Akerlof, George A. 1982. "Labor contracts as partial gift exchange." *Quarterly Journal of Economics*, vol. 97, no. 4, pp. 543–69.)

We therefore conclude that the proposed increase in the Missouri minimum wage would have no discernible impact on the employment levels of low-wage workers. Note too, we conclude the same as to small businesses. In fact, the proposed increases will not affect some small businesses as the state minimum wage law exempts individuals employed by any retail or service business that has a gross volume of sales made or business done of less than $500,000 annually. Accordingly, we do not factor in reductions in employment, or any resulting decrease in sales tax or income tax. We also do not project any increased unemployment insurance costs—both because we do not project any resulting job losses, and, additionally, because unemployment insurance costs are paid for by employer premiums, and so are ultimately not a cost to the state.

III. State and Local Sales and Personal Income Tax Revenue Impact of Raising the Minimum Wage

Based on the wage impact figures calculated above, and the understanding that the minimum wage increases would be unlikely to result in offsetting job losses, we next calculate the impact of the projected wage increases on state and local sales and personal income tax revenue in Missouri. We project only the direct impact of the twelve minimum wage increase scenarios on such tax revenue. We do not attempt to project the additional impact through a GDP multiplier effect, or the potentially higher sales taxes generated if employers offset wage increases with slightly higher prices (which would be taxable). Studies are mixed as to whether businesses increase prices by even small amounts when the minimum wage increases.

Increase in Personal Income Tax Revenue and Sales Tax Revenue Due to Increased Wages. In order to determine the projected increase in personal income tax revenues that would result directly from the increased wages, we had to develop assumptions about the effective income tax rates of the affected workers. We made the following assumptions with respect to the effective tax rate:

1. That 25% of affected workers can be claimed as a dependent on another party's Missouri income tax return and, as a result, would pay an effective tax rate of 6.0% on the increase in income;
2. That 50% of the affected workers would file as single taxpayers, would claim one deduction of $2,100, and would be entitled to a standard deduction of $5,800. This would result in an effective tax rate of 2.47%;
3. The remaining 25% would, we assumed, pay no additional Missouri income tax. In light of these assumptions, the increased Missouri income tax revenue for each petition version can be calculated as follows: (total wage increase * 25% * 6.0%) + (total wage increase * 50% * 2.47%) + (total wage increase *25% * 0%).

Sales Tax Revenue. The State of Missouri imposes a 4.225% state sales tax on those items that are not exempt from the sales tax base. In addition, the average local sales tax rate is 2.95%. As a result, the average Missouri net sales tax rate is 7.175%. To estimate the share of income that is spent on goods and services that are subject to sales taxes, we used data from the 2015 Consumer Expenditure Survey (CES) for the US to estimate the share of income spent on categories that are subject to sales taxes. The CES summary tables list average spending per consumer across 20 different categories (e.g. housing, transportation, food away from home) and we categorized each spending item as taxable or non-taxable and then calculated the share of spending that was taxable.[3] The resulting rate was 30.3%.

Based upon the above assumptions, and the total wage increase calculations for each version of the petition, we estimate that the increase in state and local sale tax revenue, and in state income tax revenue, resulting from the increased wages would be as follows for the final year of the minimum wage phase-in, for each of the twelve versions of the initiative:

Table 2. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in Final Year of Full Minimum Wage Phase-In.

Proposal	Final Year of Minimum Wage Phase-In	State & Local Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
1	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
2	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
3	2026	$ 180,361,529	$ 226,842,846	$ 407,204,375
4	2026	$ 177,571,387	$ 223,333,651	$ 400,905,039
5	2027	$ 175,239,175	$ 220,400,400	$ 395,639,574
6	2027	$ 171,985,165	$ 216,307,793	$ 388,292,957
7	2024	$ 153,625,630	$ 193,216,787	$ 346,842,417
8	2024	$ 151,896,490	$ 191,042,026	$ 342,938,516
9	2023	$ 124,857,814	$ 157,035,161	$ 281,892,975
10	2023	$ 123,572,881	$ 155,419,086	$ 278,991,968
11	2022	$ 99,001,953	$ 124,515,937	$ 223,517,889
12	2022	$ 98,237,745	$ 123,554,783	$ 221,792,528

[3] Specifically, the categories we assumed to be subject to state and local sales taxes are: food, household furnishings and equipment, vehicle purchases, gasoline and motor oil, entertainment, and all other expenditures. We assumed that 50% of the spending on the category "apparel and services" was taxable.

Note: Author's Analysis of American Community Survey (ACS) data from 2014 and fiscal impact assumptions described above. All dollars are in nominal figures.

As described in Table 2 above, the final fiscal impact of the proposed minimum wage increases varies based on the ultimate level of the minimum wage and the degree of tipped minimum wage phase-out. The estimates of the total fiscal benefit range from $221 million to $407 million annually.

Section 23.140, RSMo., indicates that the fiscal note shall address the cost of the proposed legislation to the state for the first two fiscal years—which, in the case of the proposed initiatives, will be 2019 and 2020. Table 3 below summarizes our projected total sales and personal income tax revenue increases for years 2019 and 2020 for each of the twelve versions of the initiative:

Table 3. Summary of the Impact of Minimum Wage Increases on State and Local Sales and Income Taxes in 2019 & 2020

Proposal	Total Sales and Personal Income Tax Revenue Increase—2019	Total Sales and Personal Income Tax Revenue Increase—2020
1	$ 60,008,101	$ 88,368,944
2	$ 59,882,683	$ 88,058,046
3	$ 93,306,606	$ 123,377,155
4	$ 93,142,857	$ 122,961,967
5	$ 91,491,028	$ 117,027,046
6	$ 91,328,763	$ 116,631,083
7	$ 91,491,028	$ 127,734,685
8	$ 91,328,763	$ 127,305,194
9	$ 91,491,028	$ 127,734,685
10	$ 91,328,763	$ 127,305,194
11	$ 91,491,028	$ 127,734,685
12	$ 91,328,763	$ 127,305,194

Complete year-by-year summaries of the fiscal benefits for all twelve versions of the proposed initiative can be found in Appendix tables 1 through 12.

Please also consider the following with reference to section 23.140, RSMo. The proposed measures will not establish a program or agency that will duplicate an existing program or agency. There is not a federal mandate for the proposed measures (although the United States Department of Labor currently supports minimum wage increases). The proposed measures will not have significant direct fiscal impact upon political subdivisions of the state because the measures exclude employees of public employers. And, the proposed measures do not require new physical facilities. We reference the economic impact of the proposed measures on small businesses in Section II above.

We hope that this information is useful to your office as you prepare your analyses of the petitions.

Respectfully submitted,

Lara Granich
Missouri Jobs with Justice Voter Action

Appendix

Table A. Summary of Minimum Wage Proposals and Rates by Year, 2015-2028

	Proposal 1 & 2			Proposal 3 & 4			Proposal 5 & 6			Proposal 7 & 8			Proposal 9 & 10			Proposal 11 & 12		
	$15 by 2026			$15 by 2026			$15 by 2027			$14 by 2024			$13 by 2023			$12 by 2022		
Year	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B	Min Wage	Tipped MW A	Tipped MW B
2015	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2016	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83	$ 7.65	$ 3.83	$ 3.83
2017	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88	$ 7.76	$ 3.88	$ 3.88
2018	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94	$ 7.88	$ 3.94	$ 3.94
2019	**$ 8.00**	$ 4.40	$ 4.08	**$ 9.05**	$ 4.98	$ 4.62	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59	**$ 9.00**	$ 4.95	$ 4.59
2020	$ 9.00	$ 5.40	$ 4.77	$ 9.90	$ 5.94	$ 5.25	$ 9.75	$ 5.85	$ 5.17	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30	$ 10.00	$ 6.00	$ 5.30
2021	$ 10.00	$ 6.50	$ 5.50	$ 10.75	$ 6.99	$ 5.91	$ 10.50	$ 6.83	$ 5.78	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05	$ 11.00	$ 7.15	$ 6.05
2022	$ 11.00	$ 7.70	$ 6.27	$ 11.60	$ 8.12	$ 6.61	$ 11.25	$ 7.88	$ 6.41	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84	$ 12.00	$ 8.40	$ 6.84
2023	$ 12.00	$ 9.00	$ 6.96	$ 12.45	$ 9.34	$ 7.22	$ 12.00	$ 9.00	$ 6.96	$ 13.00	$ 9.75	$ 7.54	$ 13.00	$ 9.75	$ 7.54	$ 12.00	$ 9.00	$ 6.96
2024	$ 13.00	$ 10.40	$ 7.80	$ 13.30	$ 10.64	$ 7.98	$ 12.75	$ 10.20	$ 7.65	$ 14.00	$ 11.20	$ 8.40	$ 13.00	$ 10.40	$ 7.80	$ 12.00	$ 9.60	$ 7.20
2025	$ 14.00	$ 11.90	$ 8.40	$ 14.15	$ 12.03	$ 8.49	$ 13.50	$ 11.48	$ 8.10	$ 14.00	$ 11.90	$ 8.40	$ 13.00	$ 11.05	$ 7.80	$ 12.00	$ 10.20	$ 7.20
2026	$ 15.00	$ 13.50	$ 9.00	$ 15.00	$ 13.50	$ 9.00	$ 14.25	$ 12.83	$ 8.55	$ 14.00	$ 12.60	$ 8.40	$ 13.00	$ 11.70	$ 7.80	$ 12.00	$ 10.80	$ 7.20
2027	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 15.00	$ 14.25	$ 9.00	$ 14.00	$ 13.30	$ 8.40	$ 13.00	$ 12.35	$ 7.80	$ 12.00	$ 11.40	$ 7.20
2028	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 15.00	$ 15.00	$ 9.00	$ 14.00	$ 14.00	$ 8.40	$ 13.00	$ 13.00	$ 7.80	$ 12.00	$ 12.00	$ 7.20

Note: Assumed minimum wage rates under existing law between 2015 and 2018 listed in grey shading. 2017 and 2018 MW rates assumed to increase according to annual average increase in the CPI-U for the Midwest Region between 2010-2016.

Table A1. Summary of Affected Workers and Fiscal Impacts for Proposal 1.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.40	2,864,237	421,788	14.7%	$ 1,222,264,515	$ 15,651,147	$ 10,928,020	$ 26,579,166	$ 33,428,934	$ 60,008,101
2020	$ 9.00	$ 5.40	2,881,586	530,380	18.4%	$ 1,799,927,399	$ 23,048,143	$ 16,092,787	$ 39,140,930	$ 49,228,014	$ 88,368,944
2021	$ 10.00	$ 6.50	2,899,041	631,957	21.8%	$ 2,517,558,520	$ 32,237,439	$ 22,508,981	$ 54,746,420	$ 68,855,226	$ 123,601,646
2022	$ 11.00	$ 7.70	2,916,602	745,172	25.5%	$ 3,377,968,920	$ 43,255,029	$ 30,201,736	$ 73,456,766	$ 92,387,450	$ 165,844,216
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	37.2%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A2. Summary of Affected Workers and Fiscal Impacts for Proposal 2.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 8.00	$ 4.08	2,864,237	420,743	14.7%	$ 1,219,709,970	$ 15,618,436	$ 10,905,180	$ 26,523,616	$ 33,359,068	$ 59,882,683
2020	$ 9.00	$ 4.77	2,881,586	528,273	18.3%	$ 1,793,594,927	$ 22,967,056	$ 16,036,169	$ 39,003,225	$ 49,054,821	$ 88,058,046
2021	$ 10.00	$ 5.50	2,899,041	627,965	21.7%	$ 2,503,864,976	$ 32,062,093	$ 22,386,550	$ 54,448,643	$ 68,480,707	$ 122,929,350
2022	$ 11.00	$ 6.27	2,916,602	738,066	25.3%	$ 3,351,722,654	$ 42,918,945	$ 29,967,074	$ 72,886,019	$ 91,669,615	$ 164,555,633
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A3. Summary of Affected Workers and Fiscal Impacts for Proposal 3.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.98	2,864,237	548,462	19.1%	$ 1,900,499,300	$ 24,335,971	$ 16,991,980	$ 41,327,950	$ 51,978,656	$ 93,306,606
2020	$ 9.90	$ 5.94	2,881,586	636,153	22.1%	$ 2,512,986,014	$ 32,178,888	$ 22,468,099	$ 54,646,987	$ 68,730,167	$ 123,377,155
2021	$ 10.75	$ 6.99	2,899,041	729,185	25.2%	$ 3,223,130,691	$ 41,272,319	$ 28,817,359	$ 70,089,679	$ 88,152,624	$ 158,242,303
2022	$ 11.60	$ 8.12	2,916,602	824,162	28.3%	$ 4,059,707,011	$ 51,984,713	$ 36,297,019	$ 88,281,732	$ 111,032,987	$ 199,314,719
2023	$ 12.45	$ 9.34	2,934,269	893,537	30.5%	$ 4,990,737,937	$ 63,906,602	$ 44,621,178	$ 108,527,780	$ 136,496,683	$ 245,024,462
2024	$ 13.30	$ 10.64	2,952,043	959,658	32.5%	$ 6,000,441,052	$ 76,835,891	$ 53,648,729	$ 130,484,620	$ 164,112,063	$ 294,596,683
2025	$ 14.15	$ 12.03	2,969,924	1,040,572	35.0%	$ 7,099,877,251	$ 90,914,217	$ 63,478,565	$ 154,392,782	$ 194,181,643	$ 348,574,425
2026	$ 15.00	$ 13.50	2,987,914	1,117,399	37.4%	$ 8,294,071,138	$ 106,205,918	$ 74,155,611	$ 180,361,529	$ 226,842,846	$ 407,204,375
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A4. Summary of Affected Workers and Fiscal Impacts for Proposal 4.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.05	$ 4.62	2,864,237	547,296	19.1%	$ 1,897,164,012	$ 24,293,262	$ 16,962,159	$ 41,255,422	$ 51,887,436	$ 93,142,857
2020	$ 9.90	$ 5.25	2,881,586	633,553	22.0%	$ 2,504,529,330	$ 32,070,600	$ 22,392,490	$ 54,463,090	$ 68,498,877	$ 122,961,967
2021	$ 10.75	$ 5.91	2,899,041	724,839	25.0%	$ 3,206,008,487	$ 41,053,069	$ 28,664,273	$ 69,717,342	$ 87,684,332	$ 157,401,674
2022	$ 11.60	$ 6.61	2,916,602	816,188	28.0%	$ 4,028,411,748	$ 51,583,976	$ 36,017,214	$ 87,601,190	$ 110,177,061	$ 197,778,251
2023	$ 12.45	$ 7.22	2,934,269	886,538	30.2%	$ 4,936,926,743	$ 63,217,547	$ 44,140,063	$ 107,357,610	$ 135,024,946	$ 242,382,557
2024	$ 13.30	$ 7.98	2,952,043	955,827	32.4%	$ 5,926,500,505	$ 75,889,080	$ 52,987,641	$ 128,876,721	$ 162,089,789	$ 290,966,510
2025	$ 14.15	$ 8.49	2,969,924	1,038,903	35.0%	$ 6,999,334,098	$ 89,626,757	$ 62,579,629	$ 152,206,387	$ 191,431,788	$ 343,638,174
2026	$ 15.00	$ 9.00	2,987,914	1,117,399	37.4%	$ 8,165,764,211	$ 104,562,942	$ 73,008,445	$ 177,571,387	$ 223,333,651	$ 400,905,039
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A5. Summary of Affected Workers and Fiscal Impacts for Proposal 5.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 9.75	$ 5.85	2,881,586	616,817	21.4%	$ 2,383,644,943	$ 30,522,670	$ 21,311,687	$ 51,834,357	$ 65,192,689	$ 117,027,046
2021	$ 10.50	$ 6.83	2,899,041	689,691	23.8%	$ 2,975,549,883	$ 38,102,037	$ 26,603,789	$ 64,705,826	$ 81,381,289	$ 146,087,116
2022	$ 11.25	$ 7.88	2,916,602	784,685	26.9%	$ 3,651,492,961	$ 46,757,516	$ 32,647,259	$ 79,404,775	$ 99,868,332	$ 179,273,108
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.75	$ 10.20	2,952,043	904,578	30.6%	$ 5,237,058,923	$ 67,060,752	$ 46,823,484	$ 113,884,236	$ 143,233,562	$ 257,117,798
2025	$ 13.50	$ 11.48	2,969,924	959,850	32.3%	$ 6,114,487,630	$ 78,296,262	$ 54,668,396	$ 132,964,659	$ 167,231,237	$ 300,195,895
2026	$ 14.25	$ 12.83	2,987,914	1,026,895	34.4%	$ 7,054,339,607	$ 90,331,105	$ 63,071,423	$ 153,402,528	$ 192,936,188	$ 346,338,716
2027	$ 15.00	$ 14.25	3,006,013	1,097,200	36.5%	$ 8,058,515,525	$ 103,189,619	$ 72,049,556	$ 175,239,175	$ 220,400,400	$ 395,639,574
2028	$ 15.00	$ 15.00	3,024,222	1,066,522	35.3%	$ 7,830,620,671	$ 100,271,416	$ 70,011,994	$ 170,283,410	$ 214,167,475	$ 384,450,885

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A6. Summary of Affected Workers and Fiscal Impacts for Proposal 6.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 9.75	$ 5.17	2,881,586	614,272	21.3%	$ 2,375,579,835	$ 30,419,396	$ 21,239,578	$ 51,658,975	$ 64,972,108	$ 116,631,083
2021	$ 10.50	$ 5.78	2,899,041	684,908	23.6%	$ 2,959,643,079	$ 37,898,350	$ 26,461,570	$ 64,359,920	$ 80,946,238	$ 145,306,158
2022	$ 11.25	$ 6.41	2,916,602	777,265	26.6%	$ 3,623,087,338	$ 46,393,781	$ 32,393,291	$ 78,787,071	$ 99,091,439	$ 177,878,510
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.75	$ 7.65	2,952,043	899,272	30.5%	$ 5,168,339,574	$ 66,180,798	$ 46,209,078	$ 112,389,876	$ 141,354,087	$ 253,743,963
2025	$ 13.50	$ 8.10	2,969,924	956,019	32.2%	$ 6,020,031,489	$ 77,086,748	$ 53,823,883	$ 130,910,631	$ 164,647,861	$ 295,558,492
2026	$ 14.25	$ 8.55	2,987,914	1,024,719	34.3%	$ 6,932,879,471	$ 88,775,803	$ 61,985,472	$ 150,761,275	$ 189,614,254	$ 340,375,529
2027	$ 15.00	$ 9.00	3,006,013	1,096,645	36.5%	$ 7,908,877,243	$ 101,273,494	$ 70,711,671	$ 171,985,165	$ 216,307,793	$ 388,292,957
2028	$ 15.00	$ 9.00	3,024,222	1,065,577	35.2%	$ 7,659,733,161	$ 98,083,194	$ 68,484,124	$ 166,567,318	$ 209,493,702	$ 376,061,020

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A7. Summary of Affected Workers and Fiscal Impacts for Proposal 7.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 14.00	$ 11.20	2,952,043	1,044,718	35.4%	$ 7,064,599,152	$ 90,462,479	$ 63,163,151	$ 153,625,630	$ 193,216,787	$ 346,842,417
2025	$ 14.00	$ 11.90	2,969,924	1,021,637	34.4%	$ 6,864,115,755	$ 87,895,281	$ 61,370,670	$ 149,265,951	$ 187,733,566	$ 336,999,516
2026	$ 14.00	$ 12.60	2,987,914	997,728	33.4%	$ 6,669,196,152	$ 85,399,328	$ 59,627,933	$ 145,027,260	$ 182,402,515	$ 327,429,775
2027	$ 14.00	$ 13.30	3,006,013	971,739	32.3%	$ 6,480,542,208	$ 82,983,606	$ 57,941,216	$ 140,924,822	$ 177,242,829	$ 318,167,652
2028	$ 14.00	$ 14.00	3,024,222	950,955	31.4%	$ 6,298,798,887	$ 80,656,376	$ 56,316,286	$ 136,972,661	$ 172,272,150	$ 309,244,811

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A8. Summary of Affected Workers and Fiscal Impacts for Proposal 8.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 14.00	$ 8.40	2,952,043	1,043,118	35.3%	$ 6,985,083,230	$ 89,444,274	$ 62,452,215	$ 151,896,490	$ 191,042,026	$ 342,938,516
2025	$ 14.00	$ 8.40	2,969,924	1,019,055	34.3%	$ 6,764,972,241	$ 86,625,744	$ 60,484,247	$ 147,109,992	$ 185,021,991	$ 332,131,983
2026	$ 14.00	$ 8.40	2,987,914	994,829	33.3%	$ 6,550,573,334	$ 83,880,358	$ 58,567,350	$ 142,447,708	$ 179,158,181	$ 321,605,889
2027	$ 14.00	$ 8.40	3,006,013	968,537	32.2%	$ 6,342,493,856	$ 81,215,891	$ 56,706,954	$ 137,922,845	$ 173,467,207	$ 311,390,052
2028	$ 14.00	$ 8.40	3,024,222	947,055	31.3%	$ 6,141,467,687	$ 78,641,743	$ 54,909,619	$ 133,551,363	$ 167,969,141	$ 301,520,504

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A9. Summary of Affected Workers and Fiscal Impacts for Proposal 9.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 13.00	$ 9.75	2,934,269	949,801	32.4%	$ 5,741,687,801	$ 73,522,545	$ 51,335,268	$ 124,857,814	$ 157,035,161	$ 281,892,975
2024	$ 13.00	$ 10.40	2,952,043	931,807	31.6%	$ 5,576,900,426	$ 71,412,436	$ 49,861,938	$ 121,274,374	$ 152,528,227	$ 273,802,601
2025	$ 13.00	$ 11.05	2,969,924	909,631	30.6%	$ 5,416,478,901	$ 69,358,232	$ 48,427,641	$ 117,785,874	$ 148,140,698	$ 265,926,572
2026	$ 13.00	$ 11.70	2,987,914	893,063	29.9%	$ 5,260,207,202	$ 67,357,167	$ 47,030,448	$ 114,387,615	$ 143,866,667	$ 258,254,282
2027	$ 13.00	$ 12.35	3,006,013	876,584	29.2%	$ 5,106,957,524	$ 65,394,799	$ 45,660,274	$ 111,055,072	$ 139,675,288	$ 250,730,360
2028	$ 13.00	$ 13.00	3,024,222	857,479	28.4%	$ 4,956,685,598	$ 63,470,560	$ 44,316,723	$ 107,787,283	$ 135,565,351	$ 243,352,634

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A10. Summary of Affected Workers and Fiscal Impacts for Proposal 10.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 13.00	$ 7.54	2,934,269	944,495	32.2%	$ 5,682,599,137	$ 72,765,913	$ 50,806,969	$ 123,572,881	$ 155,419,086	$ 278,991,968
2024	$ 13.00	$ 7.80	2,952,043	926,989	31.4%	$ 5,505,724,102	$ 70,501,021	$ 49,225,565	$ 119,726,586	$ 150,581,554	$ 270,308,140
2025	$ 13.00	$ 7.80	2,969,924	904,418	30.5%	$ 5,327,596,215	$ 68,220,086	$ 47,632,959	$ 115,853,045	$ 145,709,756	$ 261,562,802
2026	$ 13.00	$ 7.80	2,987,914	887,266	29.7%	$ 5,153,689,112	$ 65,993,198	$ 46,078,091	$ 112,071,290	$ 140,953,397	$ 253,024,687
2027	$ 13.00	$ 7.80	3,006,013	870,278	29.0%	$ 4,982,946,968	$ 63,806,838	$ 44,551,520	$ 108,358,359	$ 136,283,600	$ 244,641,958
2028	$ 13.00	$ 7.80	3,024,222	850,799	28.1%	$ 4,815,248,660	$ 61,659,455	$ 43,052,164	$ 104,711,618	$ 131,697,051	$ 236,408,669

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A11. Summary of Affected Workers and Fiscal Impacts for Proposal 11.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.95	2,864,237	543,523	19.0%	$ 1,863,519,013	$ 23,862,437	$ 16,661,346	$ 40,523,783	$ 50,967,245	$ 91,491,028
2020	$ 10.00	$ 6.00	2,881,586	647,118	22.5%	$ 2,601,741,610	$ 33,315,407	$ 23,261,645	$ 56,577,052	$ 71,157,633	$ 127,734,685
2021	$ 11.00	$ 7.15	2,899,041	767,907	26.5%	$ 3,489,359,063	$ 44,681,385	$ 31,197,653	$ 75,879,038	$ 95,433,970	$ 171,313,008
2022	$ 12.00	$ 8.40	2,916,602	867,022	29.7%	$ 4,552,685,065	$ 58,297,317	$ 40,704,636	$ 99,001,953	$ 124,515,937	$ 223,517,889
2023	$ 12.00	$ 9.00	2,934,269	846,151	28.8%	$ 4,415,685,325	$ 56,543,030	$ 39,479,749	$ 96,022,779	$ 120,768,994	$ 216,791,772
2024	$ 12.00	$ 9.60	2,952,043	831,622	28.2%	$ 4,281,776,630	$ 54,828,324	$ 38,282,498	$ 93,110,822	$ 117,106,591	$ 210,217,413
2025	$ 12.00	$ 10.20	2,969,924	813,271	27.4%	$ 4,150,695,234	$ 53,149,821	$ 37,110,526	$ 90,260,347	$ 113,521,515	$ 203,781,862
2026	$ 12.00	$ 10.80	2,987,914	799,427	26.8%	$ 4,022,314,218	$ 51,505,897	$ 35,962,697	$ 87,468,594	$ 110,010,294	$ 197,478,888
2027	$ 12.00	$ 11.40	3,006,013	772,796	25.7%	$ 3,898,371,841	$ 49,918,810	$ 34,854,554	$ 84,773,363	$ 106,620,470	$ 191,393,833
2028	$ 12.00	$ 12.00	3,024,222	748,806	24.8%	$ 3,780,440,095	$ 48,408,689	$ 33,800,150	$ 82,208,839	$ 103,395,037	$ 185,603,875

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Table A12. Summary of Affected Workers and Fiscal Impacts for Proposal 12.

Year	Proposed Minimum Wage	Proposed Tipped Wage	Total Employed Workers[1]	Workers Affected by MW increase	Share of Workforce Affected	Aggregate Annual Wage Increase in Nominal Dollars	State Sales Tax (4.225%)	Local Sales Tax Revenue (2.95%)	Total Sales Tax Revenue Increase	Personal Income Tax Revenue	Total Sales and Personal Income Tax Revenue Increase
2019	$ 9.00	$ 4.59	2,864,237	542,576	18.9%	$ 1,860,213,946	$ 23,820,115	$ 16,631,796	$ 40,451,911	$ 50,876,851	$ 91,328,763
2020	$ 10.00	$ 5.30	2,881,586	644,738	22.4%	$ 2,592,993,599	$ 33,203,388	$ 23,183,431	$ 56,386,819	$ 70,918,375	$ 127,305,194
2021	$ 11.00	$ 6.05	2,899,041	762,637	26.3%	$ 3,471,054,141	$ 44,446,989	$ 31,033,992	$ 75,480,982	$ 94,933,331	$ 170,414,312
2022	$ 12.00	$ 6.84	2,916,602	858,952	29.5%	$ 4,517,542,341	$ 57,847,313	$ 40,390,432	$ 98,237,745	$ 123,554,783	$ 221,792,528
2023	$ 12.00	$ 6.96	2,934,269	837,760	28.6%	$ 4,366,803,942	$ 55,917,102	$ 39,042,710	$ 94,959,812	$ 119,432,088	$ 214,391,900
2024	$ 12.00	$ 7.20	2,952,043	824,019	27.9%	$ 4,221,332,779	$ 54,054,338	$ 37,742,082	$ 91,796,420	$ 115,453,451	$ 207,249,871
2025	$ 12.00	$ 7.20	2,969,924	805,089	27.1%	$ 4,074,348,740	$ 52,172,201	$ 36,427,927	$ 88,600,128	$ 111,433,438	$ 200,033,567
2026	$ 12.00	$ 7.20	2,987,914	790,442	26.5%	$ 3,930,187,607	$ 50,326,212	$ 35,139,012	$ 85,465,224	$ 107,490,631	$ 192,955,855
2027	$ 12.00	$ 7.20	3,006,013	763,507	25.4%	$ 3,790,569,472	$ 48,538,396	$ 33,890,714	$ 82,429,110	$ 103,672,075	$ 186,101,185
2028	$ 12.00	$ 7.20	3,024,222	739,084	24.4%	$ 3,657,027,733	$ 46,828,389	$ 32,696,745	$ 79,525,133	$ 100,019,709	$ 179,544,842

1) Total employed workers in 2014 from the ACS was estimated to be 2,795,876. This figure was inflated to each subsequent year based on the population projections in the State of Missouri between 2020 and 2030 (CAGR = 0.6%)

Robert Bonney, Chief Executive Officer of the Missouri Restaurant Association provided the following information as an opponent of this initiative petition.

Graves Garrett LLC

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Phone: (816) 256-3181
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December 14, 2016

Via Electronic Mail
Mr. Jon Halwes
Missouri State Auditor's Office
Truman State Office Building
301 West High Street, Rm 880, P.O. Box 869
Jefferson City, Missouri 65102

Re: Initiative Petitions 2018-073 through 2018-084

Dear Mr. Halwes,

I write on behalf of Robert Bonney. Mr. Bonney is the Chief Executive Officer of the Missouri Restaurant Association. Please consider this letter and the accompanying studies as his fiscal impact statement as an opponent of Initiative Petitions 2018-073 through 2018-084 (the "Initiative Petitions"). If passed, any of these twelve initiatives would have a substantial negative impact on state and local governments, as well as Missouri small businesses. Those effects are both direct (as noted in Section 1) and secondary (as noted in Sections 2 through 5). The direct effects stem from higher labor and contracting costs that the state and its political subdivisions will incur, despite the Initiatives' effort to exclude government workers from the mandate.

The indirect effects will present a debate this Office has seen before. The proponents of the Initiative Petitions will once again rely on data sourced from political activist groups who claim increases in the minimum wage only serve to create new taxable income. The reality is that such groups approach this issue with political bias. Their analysis is one-sided because it completely ignores the fact that a wage increase does not "create" income from thin air; instead, it is an economic transfer from Missouri businesses to workers. Missouri businesses must pay the new wages "created" by the increases. Political activists' models fail to account, then, for two specific manifestations of the "debit" side of this transfer: reductions in employment, and the reduction in corporate income tax paid based upon business done in Missouri.

The failure to account for any employment effect at any proposed wage increase—even a near doubling of the minimum wage to $15—is particularly puzzling, because Missouri's most populous areas border Illinois and Kansas. These states, respectively, have minimum wages of $8.25 and $7.25. Neither state adjusts the minimum wage for inflation. Likewise, the second

effect—loss of corporate income tax revenues—is a mathematical certainty. Missouri businesses will be the source of the wage increase, which will lower their own taxable income. Assuming a one-to-one substitution of "created" wages for lost corporate income, the difference in the rates at which these two types of income are taxed will result in a net decrease in state revenue. A dollar from increased wages is taxable by state government in Missouri at 6% or substantially less, whereas Missouri's corporate income tax rate is 6.25%.

On top of these two types of negative outcomes—lower employment and lower state tax revenues—there may be second-order effects to small businesses because they lack the access to capital to weather price fluctuations; they may not survive at all because they may not have the flexibility to simply cut employment, shifting their reliance to capital instead of labor resources, or suffering a decrease in production and revenue.

In short, much of the fiscal impact regarding the current crop of wage-related ballot measures is secondary: they cause transfers of wealth within (or out of) the state economy, and those transfers of wealth then create second-order effects for state and local governments via their collection of tax revenues and provision of welfare services for the unemployed or less-employed. Because these fiscal notes call for the Auditor operate in the area of secondary effects, it is critical that she treat both sides of the wealth transfer equally, and refrain from assessing only one half of the wage increase equation.

1. Direct Labor Cost Impact on State and Local Government Budgets

As noted to the State Auditor's Office previously by Dr. David Macpherson, a nationally prominent labor and economics expert, there are two ways to measure labor cost on state and local government budgets. First, one can use the information included in fiscal note responses from state and local government entities. It is important to note that these fiscal notes provide an incomplete and, therefore, too-low estimate of labor cost. Few state and local government entities respond to requests for a fiscal note response, and those that do respond often ignore important effects.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can be used to calculate increased labor cost to state and local government entities in Missouri. To combat this time-honored analysis, and in a blatant attempt to manipulate the fiscal note process, the Initiative Petitions provide that they will raise the minimum wage for private workers, but not for workers employed by state or local governmental entities. No conceivable justification exists for solely raising the minimum wage on private businesses. Whatever the disparity between the value of total compensation at a private business and at a government employer, that disparity does not approach the wage adjustments at issue here, ranging from an inflation adjusted wage increase of 68.54% (($15-$8.90)/$8.90) in Initiative Petitions 2018-073 through 2018-076 to a wage increase of 42.01% (($15-$8.45)/$8.45) in Initiative Petitions 2018-083 through 2018-084.

Moreover, it is unreasonable to assume that on a sustained basis public employers, as defined in the Initiative Petitions, would be able to maintain dramatically lower wage levels than

private businesses. Public employers would lose staff employable at higher rates in the private market, imposing substantial costs on government productivity. Using the method traditionally employed by labor economists and followed by the Auditor's office, one can calculate the annual wage costs to state and local governmental entities, based on the annual wage cost for each state and local government worker in the ORG CPS, as detailed on page 6 of Dr. Macpherson's 2012 report, as well as in Dr. Macpherson's 2014 report, attached hereto as **Exhibit A and Exhibit B**. Even if the auditor finds that a specific estimate of costs is not determinable, the auditor should note that the initiative is "likely to result in significant costs to state and local governmental entities" through the form of higher wage costs and higher contracting costs.

The proponents of the Initiative Petitions may argue that the Auditor should abandon any state and local cost estimates altogether. The proponents will argue that provisions they have inserted in the statute would mean that state and local government entities will not have to pay higher wages to their employees. Setting aside unjustifiable discrimination against private employers (and "public employees"), the provision is of uncertain legal effect and constitutionality. A "public employer," defined in the initiatives as "the state or a political subdivision of the state" still incurs substantial costs for wages of individuals that are "private employees," rather than "public employees." Cleaning services, food service, and other essential services often rely on state contracts with outside vendors. Sometimes, a contract rate may vary depending on the cost of labor. Even if the contract rate is fixed, it must be re-bid periodically, and that bidding process would take into account the new minimum wage. Plainly, the initiative would impose higher costs for state and local governments in contracting with any private entity and its employees. As a matter of law, it would be insufficient and unfair for the Auditor's fiscal note or summary to simply assume that these costs to state and local governmental entities do not exist.

2. Cost of Unemployment Benefits

a) The effect of inflation on Missouri's minimum wage

CPS–ORG data show that between 2007 and 2015, median nominal wages for adult (25–59 years old) workers in the U.S. grew by 1.68 percent a year. However, Missouri's minimum wage is currently adjusted using "the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)." Section 290.502, RSMo. Coincidentally (or perhaps not), the CPI-W, over the period from 2006 to 2016, also increased at an average rate of 1.68 percent a year.

Year	CPI-W	Observed inflation %
2006	199.2	
2007	203.7	0.022590361
2008	216.304	0.061875307

2009	210.526	-0.0267124
2010	213.898	0.016017024
2011	222.686	0.041085003
2012	225.568	0.01294199
2013	230.084	0.02002057
2014	234.525	0.019301646
2015	233.806	-0.00306577
2016	234.771	0.004127353

Using Missouri's current inflation-adjusted minimum wage rate and an assumed, constant 1.68 percent increase in the CPI-W, the minimum wage in Missouri will be as follows:

Year	Estimated Minimum Wage
2016	$7.65 (observed)
2017	$7.70 (observed)
2018	$7.85
2019	$8.00
2020	$8.15
2021	$8.30
2022	$8.45
2023	$8.60
2024	$8.75
2025	$8.90
2026	$9.05
2027	$9.20

b) Calculating job loss attributable to increased minimum wage

At least one outside economist, James Sherk, has already provided an estimate for job loss in Missouri based on a $15 minimum wage. Mr. Sherk calculated the effect of a $15 minimum wage implemented in 2021. Mr. Sherk's figures accounted for inflation by estimating the present value of $15.00 in 2021, rather than estimating an absolute figure for wage inflation in Missouri. Mr. Sherk calculated the present value of $15.00 in 2021 to be $13.57, per hour, based on wage inflation of 1.68 percent. Mr. Sherk evaluated the change from $7.65 per hour to $13.57 per hour (a 77.39% increase), exclusive of agricultural workers. Cumulatively, Mr. Sherk

calculated this 77.39 percent increase in wages to reduce employment in the affected workforce by (0.7739*0.677) 52.39%.

Mr. Sherk calculated that approximately 40.9% of Missouri's Wage and Salary Workers would be affected by such a $15 minimum wage. Mr. Sherk's calculations reveal that a $15 minimum wage in 2021 would be expected to reduce the number of full-time equivalent jobs in Missouri by approximately 218,000. Based on CPS–ORG data, these figures reveal an affected workforce of approximately 416,086 workers impacted by a $15 minimum wage increase in 2021.

However, in 2014, Dr. Macpherson found, using more conservative, national-level Congressional Budget Office data, that an increase to a $10.10 minimum wage, effective January 1, 2015, would eliminate about 15,700 jobs in Missouri. Dr. Macpherson analyzed the effect of a Missouri $10.10 minimum wage using a model suitable to a national analysis. This analysis predicted a loss of 15,700 Missouri jobs based on a wage increase from $7.50 in 2014 to $10.10 in 2015 (a 34.67% increase).

On the whole, the analysis by Mr. Sherk is more instructive here, since it anticipates a state level change to $15.00. The most accurate way to determine the estimate of Workers Affected would be to analyze the CPS–ORG data. However, without such data readily available in the time constraints imposed by the fiscal note process, it is reasonable for estimation purposes to assume Mr. Sherk's figures are evenly distributed. Assuming that worker data follows an equal distribution, the Initiative Petitions would be expected to result in the following job losses:

Year of final prescribed wage increase	Wage without IP	Wage mandated by IP	Percentage increase	Percentage of affected workers who lose jobs (Percentage Increase x 0.677 Elasticity)	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by Initiative
2022	$8.45	$12.00	42.01%	28.44%	225,876	64,244
2023	$8.60	$13.00	51.16%	34.64%	275,076	95,279
2024	$8.75	$14.00	60.00%	40.62%	322,589	131,036
2026	$9.05	$15.00	65.75%	44.51%	353,481	157,334
2027	$9.20	$15.00	63.04%	42.68%	338,952	144,666

c) The best estimate for a price elasticity of demand for low-skilled labor is -0.677.

As noted by Mr. Sherk, starting wages of $15.00 per hour mean that full-time employee must create at least $38,700 a year in value for his or her employer (including wages, employer

payroll taxes, and mandatory healthcare benefits). High minimum wages and mandatory benefit costs make it much harder for less-experienced and less-skilled workers to find jobs, particularly full-time work.

Recent labor economics scholarship has revealed that, accounting for publication bias, a state-specific elasticity of demand for less-skilled workers is, on average, approximately -0.677, though some estimates are even higher, around -1.0.[1] "[E]conomists have extensively studied how businesses respond to higher wages overall, not just minimum-wage increases. On average these studies find a 10 percent increase in labor costs causes firms to reduce employment of less-skilled workers by 6.8 percent in the long run."[2]

While these elasticity estimates are substantial in absolute terms, there is reason to believe that such estimates might still understate the impact of a Missouri state-specific effort to increase the minimum wage. This is so for several reasons. First, traditionally, labor economists view labor as a reasonably difficult input to substitute; however, Missouri businesses have readily available options. There are relatively few barriers to doing business in Missouri's border states, and businesses can easily relocate across a state line to take advantage of more favorable wage (and tax laws). Additionally, substantially raising the cost for Missouri labor, relative to labor sources in other states and other countries, is likely to force many manufacturing jobs in Missouri to disappear entirely. Automation is also a significant risk. The substitution of labor is becoming increasingly easy due to technology advancements and the "sharing" economy, where fewer individuals are "employees" covered by the minimum wage. Finally, a labor "price shock" may result in significant decreases in the demand for goods and services. People make behavioral changes to avoid higher costs, including eating out less often and generally decreasing consumption (or shifting their activities to consumption involving comparatively low amounts of labor) wherever possible.

d) Unemployment Benefit Costs

We derived an average unemployment payout by calculating the expected weekly unemployment benefit amount. Based on current data, the expected unemployment weekly benefit amount of a worker making $7.65 an hour, on a 40 hour workweek, is $159.30 per week,

[1] Sherk, James, "How $15-per-Hour Minimum Starting Wages Would Affect Each State," The Heritage Foundation, http://report.heritage.org/ib4601.

[2] "The coefficients on these estimates imply an elasticity of –0.677 for a study published in 2012 (the most recent year in their data) of long-run unconditional labor demand for low-skilled labor in the U.S., estimated using industry-level administrative panel data and a structural form model." "Estimates that do not account for publication bias tend to slow a long-run elasticity closer to –1.0. See, for example, George Borjas, Labor Economics, 6th ed. (Columbus, OH: McGraw-Hill, 2013), Chapter 4: 'The evidence also suggests that the estimates of the long-run labor demand elasticity cluster around –1, so the long-run labor demand curve is indeed more elastic than the short-run curve.' " Sherk, available at http://report.heritage.org/ib4601.

for 20 weeks.[3] The expected unemployment weekly benefit amount of a worker making $11.99 an hour is $249.39 per week. The expected unemployment weekly benefit amount of a worker making $12.99 an hour is $270.19 per week. The expected unemployment weekly benefit amount of a worker making $13.99 an hour is $290.99 per week. The expected unemployment weekly benefit amount of a worker making $14.99 an hour is $311.79 per week. We assume that workers will seek unemployment insurance for the full twenty weeks authorized under Missouri law, because unemployment attributable to an increase in the minimum wage is structural. In this case, structural unemployment occurs because workers' job skills do not meet the established "price floor" of labor, rendering the worker's skills unmarketable. Assuming an even distribution of workers affected, the average unemployment benefit cost to the state for a worker is calculated as follows:

- For Initiative Petitions 2018-073 through 2018-078, [($159.30+$311.79)/2]*20 = $4,710.90
- For Initiative Petitions 2018-079 through 2018-080, [($159.30+$290.99)/2]*20 = $4,502.90
- For Initiative Petitions 2018-081 through 2018-082, [($159.30+$270.19)/2]*20 = $4,294.90
- For Initiative Petitions 2018-083 through 2018-084, [($159.30+$249.39)/2]*20 = $4,086.90

Consistent with Dr. Macpherson's 2012 report, it would be reasonable for the Auditor to assume that 35% of unemployed workers will receive unemployment benefits. Combining these numbers leads to the following estimates:

Year of final prescribed wage increase	Estimate of Missouri Workers Unemployed by Initiative	Estimated Unemployment Amount Per Worker	Estimated Total Unemployment Benefits Paid	Average Cost of Annual Unemployment Benefits Paid by State
2022 ($12)	64,244	$4,086.90	$91,895,081.93	$22,973,770.48
2023 ($13)	95,279	$4,294.90	$143,224,223.60	$28,644,844.72

[3] https://labor.mo.gov/DES/Claims/calculator. A 2015 law decreased the unemployment benefit period from 20 weeks to 13 weeks, but the Supreme Court of Missouri struck down the law in July 2016.

2024 ($14)	131,036	$4,502.90	$206,514,130.35	$34,419,021.73
2026 ($15)	157,334	$4,710.90	$259,415,324.82	$32,426,915.60
2027 ($15)	144,666	$4,710.90	$238,527,470.79	$26,503,052.31

3. Impact on State Income Tax Revenue

The 2012 analysis prepared by Dr. Macpherson may also be used as a reference in calculating the effect of the initiative petitions on state income tax revenue. Here, again, it is reasonable to assume that our "affected workers" are evenly distributed, though precise CPS–ORG data would also provide a reliable estimate. Here, the increased income tax revenue is the additional income tax paid by workers whose wages increase. There is a loss of revenue, however, in the form of decreased income tax paid by workers whose wages decrease and businesses who absorb the increased cost of labor, rather than passing it along to customers.

For the purposes of these estimates, we assume that workers work 40 hours a week and 52 weeks per year:

Year of final prescribed wage increase	Estimate of Workers Affected	Estimate of Missouri Workers Unemployed by IP	Estimate of Missouri Workers with Increased Wages	Annual Increase in Wages Paid to Workers who get Wage Increase in Final Year	Annual Decrease in Wages Paid to Workers now Unemployed
2022 ($12)	225,876	64,244	161,632	$596,746,272.84	$237,187,559.20
2023 ($13)	275,076	95,279	179,797	$822,752,260.32	$336,905,136.41
2024 ($14)	322,589	131,036	191,553	$1,045,881,167.64	$442,900,455.01
2026 ($15)	353,481	157,334	196,147	$1,213,758,000.24	$482,701,950.51
2027 ($15)	338,952	144,666	194,286	$1,171,933,152.00	$421,267,392.00

These net wage increases will lead to corresponding increases in state income tax collections. Traditionally, it has been assumed that about 50% of affected workers will pay 6% income tax, while the other 50% of workers pay no state income tax. This assumption may be

less accurate at the higher wage increases contemplated by the Initiative Petitions. Accordingly, figures are also displayed assuming that about 75% of affected workers will pay 6% income tax, while the other 25% of workers pay no state income tax.

Annual Net Increase in Wages Paid To Workers	Annual Income Tax Increase from Wage Increase (50% pay tax)	Annual Income Tax Increase from Wage Increase (75% pay tax)
$359,558,713.64	$10,786,761.41	$16,180,142.11
$485,847,123.91	$14,575,413.72	$21,863,120.58
$602,980,712.63	$18,089,421.38	$27,134,132.07
$731,056,049.73	$21,931,681.49	$32,897,522.24
$750,665,760.00	$22,519,972.80	$33,779,959.20

Based on these figures, Missouri businesses must also decide whether to pass along any increase in wage costs (wages and mandatory payments).[4]

Year of final prescribed wage increase	Annual Cost to Business from Increased Wage in Final Year of Increase	Annual Decreased Corporate Income Tax if cost is fully absorbed	Annual Decreased Corporate Income Tax if cost is 50% absorbed
2022 ($12)	$642,397,362.71	$40,149,835.17	$20,074,917.58
2023 ($13)	$885,692,808.24	$55,355,800.51	$27,677,900.26
2024 ($14)	$1,125,891,076.96	$70,368,192.31	$35,184,096.16
2026 ($15)	$1,306,610,487.26	$81,663,155.45	$40,831,577.73
2027 ($15)	$1,261,586,038.13	$78,849,127.38	$39,424,563.69

Assuming businesses absorb half of the cost of increased wages, and 75 percent of affected workers pay the new, higher taxes, the effect on state income tax collections is estimated to be:

[4] A healthcare benefit cost estimate is not available based on the time limitations imposed by this fiscal note.

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss
2022 ($12)	($3,894,775.47)
2023 ($13)	($5,814,779.68)
2024 ($14)	($8,049,964.09)
2026 ($15)	($7,934,055.49)
2027 ($15)	($5,644,604.49)

4. Sales tax revenue gain or loss

Projecting any increase in sales tax revenue resulting from an increased minimum wage would require the auditor's office to conclude, based on data separate and apart from the sheer conjecture typically offered by political activist groups: (1) the net effect on consumer disposable income and (2) the percentage of a consumer's disposable income that is spent on goods subject to the sales tax, taking into consideration that the scope of Missouri's sales tax has been truncated by a voter-approved constitutional amendment from November 2016.

Typically, the Auditor's office multiplies the total increase in worker earnings (which should be adjusted for employment reductions) and multiplies the result by 25 percent, then multiplying that figure by the Missouri the population weighted combined average state and local sales tax in Missouri, 7.81%.[5] Based on this estimate, the population-weighted combined average local sales tax is 3.585%.

However, it would be deceptive to fail to account for sales tax losses from workers whose wages are eliminated or sales tax losses from reduced business profits (attributable to the higher wages paid), which will lower spending by business owners. The first figure is calculable by determining the total annual wages (adjusted for employment deductions) for all workers who lose jobs due to a minimum wage hike, multiplied by 25 percent. The second number is

[5] http://taxfoundation.org/sites/taxfoundation.org/files/docs/LOST--2015.png.

calculable by multiplying the total increase in worker earnings (multiplied by 1.0765 to account for Social Security and Medicare taxes) by approximately 15 percent.[6]

Year of final prescribed wage increase	Annual Net Increase in Wages Paid To Workers	New Wages Spent on Sales Tax Items	Annual Cost to Business from Increased Wage	Annual Business Income No Longer Included in Sales Tax Base (50% passed-through)
2022 ($12)	$359,558,714	$89,889,678	$642,397,363	($96,359,604)
2023 ($13)	$485,847,124	$121,461,781	$885,692,808	($132,853,921)
2024 ($14)	$602,980,713	$150,745,178	$1,125,891,077	($168,883,662)
2025 ($15)	$731,056,050	$182,764,012	$1,306,610,487	($195,991,573)
2026 ($15)	$750,665,760	$187,666,440	$1,261,586,038	($189,237,906)

Accordingly, the annual net losses in sales tax revenue, and total tax losses are as follows:

Year of final prescribed wage increase	Annual Net Income Tax Revenue Loss	Annual Net Loss in State Sales Tax	Total Annual Loss in State Tax Revenue	Annual Net Loss in Local Sales Tax
2022 ($12)	($3,894,775.47)	($273,354.37)	($4,168,129.84)	($231,946.85)
2023 ($13)	($5,814,779.68)	($481,317.93)	($6,296,097.61)	($408,408.23)
2024 ($14)	($8,049,964.09)	($766,350.92)	($8,816,315.01)	($650,264.63)
2026 ($15)	($7,934,055.49)	($558,864.44)	($8,492,919.93)	($474,208.05)
2027 ($15)	($5,644,604.49)	($66,394.43)	($5,710,998.92)	($56,337.05)

[6] This estimate would also need to be adjusted to reflect certain employers' mandate under the Affordable Care Act to provide healthcare coverage and pay 60 percent of such coverage.

Graves Garrett LLC

5. Damage to small business

Additionally, any proponent or opponent fiscal note submission is required, pursuant to Missouri law, to state the impact of the initiative on small businesses. According to analysis by the Employment Policies Institute, 40 percent of the minimum wage workforce is employed at businesses with fewer than 50 employees. [7] The impact on extra costs to small business may be more significant than even this 40% figure suggests. Small businesses are more easily shut down by input price increases than large businesses, which have greater access to capital to weather the storm. Clearly, small businesses that do not shut down due to increases in the minimum wage will pay higher costs, estimated at about 40% of business' total increased costs, described above.

Conclusion

In conclusion, the State Auditor should attempt to quantify the increased cost to be borne by state and local government entities through increased contracting costs as a result of an increase to the minimum wage. This direct cost is outlined in Section 1.

Indirect costs are outlined in Sections 2 through 5, and show a net loss. Although such second-order effects more difficult to predict, a net loss is easily the most likely outcome. Significantly, this result is only obtainable if the Auditor reviews both the "credit" and "debit" sides of the transfer of wealth from businesses to workers. The Auditor should refrain from taking the proponents' likely invitation to consider and present only the "credit," side, and should attempt to provide a complete picture of all effects of a minimum wage increase, including the loss of revenue to state and local governments from individuals who lose employment. Only conveying (or quantifying) the potential for gain, without fairly conveying the likelihood of net loss, would be deceptive and unfair.

Should you desire further detail or have any questions about this fiscal impact statement, please do not hesitate to contact me.

Sincerely,

Edward D. Greim
Partner, Graves Garrett, LLC

[7] https://www.epionline.org/oped/who-really-employs-minimum-wage-workers/

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

Prepared for

Victor Allred versus Robin Carnahan and Thomas Schweich
Circuit Court of Cole County, Missouri

Prepared by

David A. Macpherson, Ph.D.
125 Park Drive
San Antonio, TX 78212

March 26, 2012

EXHIBIT
A
exhibitsticker.com

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

I. Introduction

This report was undertaken at the request of counsel representing plaintiffs in the case of Victor Allred versus Robin Carnahan and Thomas Schweich. As part of the basis of the lawsuit, the plaintiffs allege that the fiscal note summaries for proposed statutory initiative petitions 2012-084 and 2012-085 are insufficient and unfair. I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will

range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

The report is organized as follows. My qualifications to prepare this report are contained in Section II. Section III describes the data and records I relied upon for this report. Section IV reviews the estimated fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085. A summary and my conclusions are provided in Section VI.

II. Qualifications

I am currently the E.M. Stevens Professor of Economics at Trinity University in San Antonio, Texas. Previously, I was employed by Florida State University as Director of the Pepper Institute on Aging and Public Policy and the Rod and Hope Brim Eminent Scholar in Economics. I have taught both undergraduate and graduate Econometrics (statistical analysis of economic data), and Labor Economics. I have published over 50 articles in peer-reviewed professional journals.

I am currently serving on the editorial board of the *Journal of Forensic Economics*, which is a peer-reviewed journal. I have also served as a reviewer or 'referee' for 24 peer-reviewed journals, including the *Journal of Human Resources, Journal of Labor Economics, Quarterly Journal of Economics,* and the *Review of Economics and Statistics*. Based upon these experiences, I am very familiar with the scholarly and professional research process and the concept of peer review.

I have prepared numerous analyses and reports that use statistical methods as applied to specific questions. I have been responsible for developing the techniques and approaches required for these analyses. I routinely use computers and statistical software packages to assist me in my analytical work. I have been qualified as an expert witness on statistical analysis of employment discrimination and economic damages in state courts in Florida and Georgia and Federal Courts, and I have given expert testimony. I have prepared analyses and offered testimony on behalf of both plaintiffs and defendants.

Details of my qualifications are reflected in my current resume and legal cases, attached as Appendix A to the report.

III. Data and Records

I reviewed the following materials in preparing this report.

- Plaintiff's Complaint
- Material cited in footnotes below.

IV. Fiscal Impact

A. Overview

The proposed statutory initiative petitions 2012-084 and 2012-085 contain many elements in common. Both initiatives would increase the Missouri minimum wage to $8.25 per hour, alter the exemption for retail and service firms, raise the cash wage of tipped workers from 50% to 60% of the minimum wage, and increase the statute of limitation from two to three year for underpayment claims.

The initiatives differ in their linkage to the federal minimum wage. Initiative petition 2012-084 requires that the state minimum wage be automatically increased to the

federal minimum wage if it is higher than the state minimum wage. Initiative petition 2012-085 does not have such a linkage. It only requires that workers be paid the higher of the state minimum wage or the federal minimum wage. The linkage to the federal minimum wage will cause the state minimum wage to be higher under initiative petition 2012-084 over time. This is because the state minimum wage, in contrast to the federal minimum wage, is adjusted for inflation as measured by the Consumer Price Index.

An increase in the minimum wage in Missouri will affect state and local government entities in two ways. First, it will directly increase the cost of labor to state and local government entities. This will occur due to the increase in wages of state and local government workers earning between the existing minimum wage of $7.25 and the new minimum wage of $8.25.[1] In addition, workers laid off due to the minimum wage increase can collect unemployment benefits. The state government will bear the cost of unemployment benefits of these workers for the first 20 weeks. Second, state and local government may gain increased revenue through higher income tax and sales taxes paid by workers affected by the minimum wage who remain employed. However, state and local government will suffer reduced tax revenue to the extent the higher wage cost lowers profits of businesses.

The following sections estimate the cost and revenue effects to state and local government entities of the proposed minimum wage increase.

[1] Information about the minimum wage in Missouri is available at http://www.labor.mo.gov/DLS/minimumwage/.

B. Direct Labor Cost Impact on State and Local Government Budgets

There are two possible ways to measure the direct labor cost on state and local government budgets. First, one can use the information included in the fiscal notes prepared by the State Auditor regarding the proposed initiatives. It is important to note that the fiscal notes provide an incomplete and thus too low estimate of the direct labor cost. The fiscal notes indicate that the Office of Administration's (OA) Division of Personnel reported that as of September 2011 there were 834 state workers who would be affected by an increase of the minimum wage to $8.25 and the "approximate annual cost" would be more than $540,000.

This OA estimate excludes seasonal workers such as State Fair employees, State Parks Employees, and tax season staff. The Division of Revenue noted its labor cost would rise by $40,000. The Division of Natural Resources stated they have over 500 workers who would be affected by the increase, but did not provide an estimate of the cost. The State Fair hired 745 workers that would be affected, but no cost estimate was provided.

Thus, the cost to state government, based on the fiscal notes, would be more than $580,000.

The fiscal notes also provide an incomplete and thus too low measure of the cost to local government and public educational institutions. Many cities and educational institutions did not respond to Office of Auditor's survey or provide an estimate of the cost of the higher minimum wage. The City of Columbia, City of Jefferson, City of

Joseph, Linn State Technical College, and Metropolitan Community College did provide such an estimate. The total cost to these five institutions is $772,182.

Based on the fiscal notes, the cost to state and local government entities of the increase in the minimum wage to $8.25 will be more than $1,352,182.

Second, data from the U.S. Census Bureau's Current Population Survey (CPS) can also be used to calculate the cost of the increased labor cost to state and local government entities in Missouri. Using the data from January 2010 to December 2011 Outgoing Rotation Group (ORG) CPS, I calculated that 17,089 state and local government workers would be affected by the minimum wage increase. I defined affected workers as those individuals earning between $7.00 and $8.24 per hour. Though the minimum wage was $7.25 per hour during this period, I also included those workers reporting earnings of $7.00 to $7.24 since some individuals may round their wage rate. I calculated the annual wage cost for each state and local government worker (i) in the ORG CPS as:

$$Annual\ Wage\ Cost_i = (\$8.25 - current\ wage_i) * weekly\ hours_i * 52.$$[2]

The average annual wage cost increase was $870. I summed the cost over each worker (i) to obtain the total wage cost to state and local government entities in Missouri of $14,866,430.

The increased wage cost is not the only labor cost to state and local government entities of the minimum wage increase. Employers are required to pay 7.65% of their wage costs in Social Security and Medicare taxes. Thus, the total labor cost of the minimum wage increase will be 1.0765 times $14,866,430 or $16,003,712.

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[2] I assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour.

C. Unemployment Benefit Impact

The higher minimum wage will cause firms to reduce their level of employment.[3] As a result, the number of unemployed workers will increase. Thus, another important fiscal cost of the minimum wage increase is the cost of the unemployment insurance benefits for the workers laid off as a result of the minimum wage increase.

To calculate the cost to the unemployment benefits program, I first calculated the number of workers laid off. To do so, I calculated a probability of job loss for each affected Missouri worker (i) in the January 2010 to December 2011 ORG CPS:

$$Probability\ Job\ Loss_{\ i} = \frac{(\$8.25 - Current\ Wage_i)}{Current\ Wage_i} * elasticity_i.$$

I used the preferred employment elasticity (i.e., sensitivity of employment to wage changes) contained in Sabia and Burkhauser (2010), which was -0.6 for individuals aged 16 to 29 without a high school degree and -0.2 for all other individuals. The sole exception was for state and local government workers, where I assumed an elasticity of zero.[4] The sum across all affected workers yielded an estimated job loss of 5,745 jobs.

The next step was to calculate the weekly benefit for the average unemployed worker. Using the benefits calculator on the Missouri unemployment benefits web site and the wage income of average private-sector affected worker ($10,937), yields an average weekly benefit of $109.36[5]. The state of Missouri pays the first 20 weeks of benefits.[6] Thus, each eligible unemployed worker could receive a total of $2,187.20 in

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[3] For a survey of research regarding the effect of the minimum wage on employment, see David Neumark and William L. Wascher, *Minimum Wages* (Cambridge, MA: MIT Press, 2008).
[4] Joseph J. Sabia and Richard V. Burkhauser, "Minimum Wages and Poverty: Will a $9.50 Federal Minimum Wage Really Help the Working Poor?" *Southern Economic Journal* (January 2010): 592-623.
[5] http://www.labor.mo.gov/DES/Claims/calculator.asp
[6] See http://www.labor.mo.gov/DES/Claims/

benefits paid for by the state of Missouri. These jobs are permanently eliminated and so it is appropriate to calculate the full amount of benefits for each worker.

Unemployment insurance, however, does not cover all unemployed workers. For example, it does not cover people who leave a job voluntarily, people looking for their first job, and re-entrants who previously left the labor force voluntarily. Furthermore, some individuals don't apply for benefits even though they are eligible. I assume that 35% of the unemployed workers will receive unemployment benefits based on analysis by Wenger (2001).[7]

The last step is to calculate the total cost to the Missouri unemployment benefits program. This done by multiplying the number of jobs lost (5,745) times the average benefit amount ($2,187.20) times the percent of unemployed individuals collecting benefits (35%). This calculation yields a figure of $4,397,510. This cost would be borne only during the first year of the minimum wage increase. The inflation adjustments in the minimum wage will also yield costs to the unemployment insurance program, but it is not possible to estimate the amount.

D. Impact on State Income Tax Revenue

The state of Missouri will gain increased revenue through higher income tax taxes paid by workers affected by the minimum wage who remain employed. However, it will

[7] Jeffery Wenger. "Divided We Fall: Deserving Workers Slip through America's Patchwork Unemployment Insurance System." *Economic Policy Institute*, 2001. Sabia and Burkhauser (2010) make the same assumption in their calculation of the amount of unemployment benefits generated by a minimum wage increase.

suffer reduced corporate income tax revenue to the extent the higher wage cost lowers profits of businesses.

To calculate the impact on individual income tax revenue, I again used data from January 2010 to December 2011 ORG CPS. I defined affected workers as those Missouri individuals earning between $7.00 and $8.24 per hour.[8] I used the following formula to estimate the change in income tax revenue:

$$\Delta Tax\ Revenue_i = (Tax_After_i - Tax_Before_i) - Prob_Job_Loss_i * Tax_Before_i,$$

where Tax_After_i is the income tax paid by worker i after the minimum wage increase. Tax_Before_i is the income tax paid by worker i after the minimum wage increase, and $Prob_Job_Loss_i$ is the probability of job loss for worker i. The first term shows the change in individual income tax revenue assuming no job loss and the second term shows the loss in tax revenue due to the employment loss caused by the minimum wage increase.

The income tax calculations were based on two assumptions.[9] First, the 50% percent of affected workers who were under the age 25 who were assumed to be dependents on another person's tax return. As a result, it was assumed that the affected workers' earnings were taxable at the maximum Missouri income tax rate of 6% both and after the minimum wage increase.[10] Second, all persons age 25 and older were assumed to be paying little or no income tax after exemptions and deductions. Thus, about 50% of the earnings increase will be taxed at a rate of 6%.

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[8] I again assume that persons reporting an hourly wage rate between $7.00 and $7.24 are actually earning $7.25 per hour. The annual earnings level was calculated as the worker's wage rate times usual weekly hours worked times 52.

[9] The same assumptions are used in the State Auditor's fiscal notes for the initiatives.

[10] This assumption will overstate the revenue increase as 20% of affected workers under the age 25 are living by themselves and some of these individuals will not be a dependent on another person's tax return.

The tax calculations reveal an increase in income tax revenue increase to the state. Assuming no workers were laid off by the minimum wage increase, income tax revenue would rise by $6,043,534. However, the state will lose $1,965,446 in income tax revenue due to the lost earnings of private-sector workers no longer employed due to the minimum wage hike.[11] Thus, the net increase in individual income tax revenue is $4,078,088.

Businesses have three options to respond to the higher labor costs of a higher minimum wage. They can reduce their profits, raise prices, or lay off workers. Based on the 2010-2011 ORG CPS data, the minimum wage increase will raise private-sector labor costs by $192,620,900 if employment levels are not reduced. However, labor costs will be lowered by $55,240,790 due to the reduction in employment. Thus, labor costs will, on net, rise by $137,380,110. These increased labor costs may be either passed on to consumers through higher prices or reduced profits or more likely some combination of higher prices and reduced profits. Assuming that businesses absorbed all of the higher costs through reduced profits, the corporate income tax revenue would fall by the Missouri corporate income tax of 6.25% times the rise in labor costs of $137,380,110 * 1.0765 (to account for employer-paid Social Security and Medicare taxes) or $9,243,106.[12] Alternatively, if half of the higher labor costs were passed on to consumers, then corporate income tax revenue would fall by $4,621,553.

[11] The probability of job loss was calculated in the same manner as in the prior section.
[12] The corporate income tax for Missouri is available at: http://dor.mo.gov/business/corporate/

E. Impact on State and Local Sales Tax Revenue

To calculate the impact on state and local sales tax revenue the following approach was undertaken.[13] First, the total increase in worker earnings, adjusted for employment reductions, was calculated using the 2010-2011 ORG CPS. This figure was $152,246,540. Second, the increase in Missouri taxable sales was calculated as 25% of the earnings increase or $38,061,635. Third, the increase in sales tax revenue was calculated by multiplying the taxable sales change times the average state and local rate of 7.67% or $2,919,327.[14]

The higher minimum wage may decrease sales tax revenue to the extent that it reduces business profits, which will lower spending by business owners.

VI. Summary and Conclusions

I was asked by counsel to evaluate the fiscal impact of proposed statutory initiative petitions 2012-084 and 2012-085.

The results of my analysis indicate:

(1) labor costs to state and local government entities, based on state auditor fiscal notes, will rise by more than $1,352,182. A more inclusive estimate indicates that state and local government labor costs will increase by $16,003,712;

[13] The same general approach is used in the State Auditor's fiscal notes for the initiatives.
[14] The average rate comes from http://taxfoundation.org/news/show/27023.html

(2) unemployment benefit costs will rise by $4,397,510 during the first year of the minimum wage increase;

(3) individual income tax revenue will rise by at most $4,078,088;

(4) the loss in corporate income tax revenue could be as high as $9,243,105;

(5) state and local sales tax revenue will rise by at most $2,919,327;

(6) during the first year: state and local governments will incur increased costs of $20,401,222; the change in state and local government revenue will range from -$2,245,690 to +$6,997,415; and the net state and local government fiscal impact will range from -$22,646,912 to -$13,403,807.

FISCAL ANALYSIS
OF
PROPOSED STATUTORY INITIATIVE PETITIONS 2012-084 AND 2012-085

David A. Macpherson

David A. Macpherson, Ph.D.
March 26, 2012

Appendix A

Resume and Testimony of David A. Macpherson, Ph.D.

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3/2012

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Ph.D., Economics, The Pennsylvania State University.
B.S., Economics, The Pennsylvania State University.

Current Positions

E.M. Stevens Professor of Economics, Trinity University, 2009-
Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Previous Positions

Rod and Hope Brim Eminent Scholar in Economics, FSU 2004-2009.
Director, Pepper Institute on Aging and Public Policy, FSU, 2003-2009.
Abba P. Lerner Professor of Economics, FSU, 2000-2009.
Professor, Department of Economics, Florida State University, 1996-2009.
Director of Research, Pepper Institute on Aging and Public Policy, FSU, 1995-2000.
Associate Professor, Department of Economics, Florida State University, 1993-1996.
Research Associate, Pepper Institute on Aging and Public Policy, FSU, 1993-2001, 2003-2009.
Visiting Associate Professor, Department of Economics, Florida State University, 1992-1993.
Research Affiliate, Pepper Institute on Aging and Public Policy, FSU, 1992-1993, 2001-2003.
Associate Professor, Department of Economics, Miami University, 1991-1993.
Assistant Professor, Department of Economics, Miami University, 1987-1991.

Research Areas

Labor Economics, Labor Market Aspects of Pensions, Labor Unions, Racial and Gender Differences in the Labor Market, Minimum Wage, Deregulation.

Teaching Areas

Principles of Microeconomics and Macroeconomics, Intermediate Microeconomics, Money and Banking, Econometrics (undergraduate and graduate), Labor Economics and Labor Relations (undergraduate and graduate).

Books

Economics: Private and Public Choice, 14th edition, Southwestern: Cincinnati, OH, 2013, with James Gwartney, Richard Stroup, and Russell Sobel. Co-author on 10th, 11th, 12th, and 13th editions as well.

Instructor's Manual for *Economics: Private and Public Choice*, 14th edition, Southwestern: Cincinnati, OH, 2013. Author for instructor's manual for 10th, 11th, 12th, and 13th editions as well.

Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2011 Edition), Bureau of National Affairs, Washington, D.C., with Barry Hirsch.

Previous Editions: *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (Washington: Bureau of National Affairs, 1994-2010).

Tables derived from the *Data Book* are included in U.S. Department of Commerce, *Statistical Abstract of the United States 2011,* 130th Edition (Washington: GPO, 2011), Tables 663, 665; *Statistical Abstract of the United States 2010,* 129th Edition (Washington: GPO, 2010), Tables 648, 650; *Statistical Abstract of the United States 2009,* 128th Edition (Washington: GPO, 2009), Tables 642, 644; *Statistical Abstract of the United States 2008,* 127th Edition (Washington: GPO, 2008), Tables 642, 644; *Statistical Abstract of the United States 2007*, 126th Edition (Washington: GPO, 2006), Tables 645, 647; *Statistical Abstract of the United States 2006*, 125th Edition (Washington: GPO, 2005), Tables 647, 649; *Statistical Abstract 2004-2005*, Tables 638, 640; *Statistical Abstract 2003*, Tables 656, 658; *Statistical Abstract 2002*, Tables 628, 630; *Statistical Abstract 2001*, Tables 637, 639; *Statistical Abstract 2000*, Tables 712, 714; *Statistical Abstract 1999*, Tables 718, 720; *Statistical Abstract 1998*, Tables 712, 714; *Statistical Abstract 1997*, Tables 688, 690; *Statistical Abstract 1996*, Tables 681, 683; *Statistical Abstract 1995*, Tables 695, 697; and in U.S. Department of Commerce, *State and Metropolitan Area Data Book, 1997-98*, 5th Edition (Washington: GPO, 1998), Table A-22.

Contemporary Labor Economics, 9th edition, McGraw-Hill: New York, NY, 2010, with Campbell McConnell and Stanley Brue. Co-author on 5th, 6th, 7th, and 8th editions as well.

Pensions and Productivity, W.E. Upjohn Institute for Employment Research: Kalamazoo, MI, 1998, with Christopher Cornwell and Stuart Dorsey.

Journal Publications (Economics)

"Computing Lost Profits in Business Interruption Litigation: A General Model," *Journal of Business Valuation and Economic Loss Analysis*, forthcoming, with Stanley Stephenson and Gauri Prakash-Canjels.

"Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," *Southern Economic Journal*, forthcoming, April 2012, with William Even.

"Growth of Participant Direction in Defined Contribution Plans," April 2010, pp. 190-208, *Industrial Relations*, with William Even.

"Managing Risk Caused by Pension Investments in Company Stock," *National Tax Journal*, September 2009, pp. 439-453, with William Even.

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"Pensions and Training," *Industrial Relations*, January 1997, pp. 81-96, with Stuart Dorsey.

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"Improving Pension Coverage at Small Firms," with William Even, in *Overcoming Barriers to Entrepreneurship*, ed. Diana Furchtgott-Roth, Rowman & Littlefield, 2008.

"Measuring Union and Nonunion Wage Growth: Puzzles in Search of Solutions" with Barry Hirsch and Edward Schumacher, in *Changing Role of Unions: New Forms of Representation*, Phanindra Wunnava, M.E. Sharpe, 2004.

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"Children's Effects on Women's Labor Market Attachment and Earnings," with William Even, in *Changes in Working Time in Canada and the United States*, eds. Susan Houseman and Alice Nakamura, W.E. Upjohn Institute, 2001.

"Downsizing and Life Course Consequences of Job Loss: The Effect of Age and Gender on Employment and Income Security," with Jill Quadagno, Jennifer Reid, and Lori Parham, in *Restructuring Work and the Life Course*, eds. Victor Marshall, Walter Heinz, Helga Krueger, and Anil Verma, University of Toronto Press, 2001.

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"Earnings and Employment in Trucking: Deregulating a Naturally Competitive Industry," with Barry Hirsch, in *Regulatory Reform and Labor Markets*, ed. James Peoples, Kluwer Publishers, 1998.

"Gender-Related Differences in Pension Coverage," with William Even, in *Women and Work: A Handbook*, Garland Publishing, New York, NY, 1996.

"The Pension Coverage of Young and Mature Workers", with William Even, in *Pension Coverage Issues for the '90s*, eds. Richard Hinz, John Turner, and Phyllis Fernandez, U.S. Government Printing Office, Washington, D.C, 1994.

Working Papers (Economics)

"Deferred Compensation vs. Efficiency Wages: An Experimental Test of Effort Provision and
Self-Selection," with Tim Salmon and Kislaya Prasad, under review, *Journal of Business and Economic Organization*

"What Do Unions Do to Pension Performance?" with William Even, September 2011, under revision

"Teacher Salaries, State Collective Bargaining Laws, and Union Coverage" March 2011, with Barry Hirsch and John Winters.

"The Effects of the 2007-2009 Federal Minimum Wage Increases on Teen Employment," with William Even, under revision, July 2010.

"Participant Direction in Defined Contribution Plans," April 2006, with William Even, under revision.

"Do Pensions Impede Phased Retirement?" September 2004, with William Even, under revision.

Working Papers (Real Estate and Insurance)

"An Empirical Analysis of Socio-Demographic Factors and the Mispricing of Homeowners Insurance in Florida," under review *Journal of Financial Services Research*, with Ronald Cheung, Charles Nyce, Kathleen McCullough, and Cassandra Cole.

"The Impact of No-Fault Legislation on Automobile Insurance Premiums," revised and resubmitted to *North American Actuarial Journal*, with Cassandra Cole, Kevin Eastman, Patrick Maroney, and Kathleen McCullough.

Funded Projects

Employment Policies Institute, 5/2010-7/2010, $16,500 (Trinity University portion), "Employment Effects of the 2007-2009 Federal Minimum Wage Increases," with William Even.

National Science Foundation, 9/2009-8/2012, $125,866 (Trinity University portion), "Incentives in the Workplace: An Experimental Examination of How Wage Differences Across Time and Among Peers Affect Productivity and Self-Selection," with Tim Salmon, Kislaya Prasad, and Hyejin Ku.

Florida Legislature, 10/2007-6/2009, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Legislature (through University of Florida), 12/2006-9/2007, $223,000, "Analysis of Save our Homes Amendment," with Dean Gatzlaff.

U.S. Administration on Aging (through University of South Florida), 5/2005-9/2007, $175,000, "Employment in the Long-Term Care Industry: The Importance of Recruitment and Retention," with William Even.

Florida Legislature, 2/2003-8/2004, $175,000, "Child Support Guidelines," with Stefan Norrbin and Thomas McCaleb.

Florida Department of Environmental Protection, 6/2002-2/2003, $94,157, "Affordability Index," with Stefan Norrbin and William Serow.

University of South Carolina, 4/2000-11/2000, $10,000, "Minority Homeownership in South Carolina," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 3/1999-6/1999, $21,739, "Forecasting Housing Demand in Florida," with Stacy Sirmans.

University of South Carolina, 4/1999-11/1999, $10,000, "Forecasting Housing Demand in South Carolina," with Stacy Sirmans.

Florida State University, 6/1999-8/1999, $7,500, "Support for Preparing ECO 2000 as a Web-Based Course."

TIAA-CREF, 8/1998-8/1999, $23,000, "Determinants of Savings in Supplemental Pension Plans: A Case Study of Pension Choices in Higher Education," with Melissa Hardy and Larry Hazelrigg.

Florida Department of Business and Professional Regulation, 4/1998-6/1998, $16,638, "Forecasting Seniors' Demand for Housing in Florida," with Stacy Sirmans.

Florida Department of Business and Professional Regulation, 12/1997-6/1998, $18,472, "Housing Price Appreciation in Orlando and Tampa," with Stacy Sirmans.

Florida State University, 6/1998-8/1998, $7,500, "Support for Preparing ECO 2000 as a Web-Assisted Course."

Florida Department of Business and Professional Regulation, 3/1997-6/1997, $17,898, "Minority Homeownership in Florida," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 12/1996-8/1997, $20,000, "The Impact of Rising 401(k) Pension Coverage on Retirement Income," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1996-6/1997, $15,000, "The Determinants of 401(k) Participation and Contribution Levels," with William Even.

Florida Department of Business and Professional Regulation, 4/1996-6/1996, $22,702, "Forecasting the Number of New Florida Real Estate Licensees," with Stacy Sirmans.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 3/1995-6/1996, $15,000, "Explaining the Decline in Pension Coverage of Less Educated Workers," with William Even.

Florida State University COFRS Grant, 6/1994-8/1994, $8,000, "The Relative Compensation and Quality of Public and Private Sector Workers."

W.E. Upjohn Institute for Employment Research, 3/1994-12/1995, $35,000, "Pensions and Productivity," with Stuart Dorsey and Christopher Cornwell.

Florida Division of Workers' Compensation, 1/94-12/1995, $100,000, "Worker's Compensation Recipency in Union and Nonunion Workplaces," part of a service contract titled "Research Partnership with the Division of Workers' Compensation," co-investigator (one of several).

University of Wisconsin Institute for Research on Poverty Small Grant Program, 7/1993-6/1994, $15,000, "Racial Composition, Wages, and Quality Sorting," with Barry Hirsch.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 7/1993-6/1993, $10,000, "Trends in Individual and Family Pension Coverage," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration, 6/1992-5/1993, $10,000, "The Pension Coverage of Young and Mature Workers," with William Even.

U.S. Department of Labor, Pension Welfare and Benefit Administration and American Society of Pension Actuaries, 6/1991-5/1992, $10,000, "A Conference on Current Pension Policy Issues," with William Even.

Miami University Faculty Research Grant, 6/1991-8/1991, $4,000, "Projected Growth in Retiree Health Insurance Liabilities."

Ohio Board of Regents Research Challenge Grant, 1/1990-12/1990, $4,980, "Proposal to Enhance the Data Library of the Center of Pension and Retirement Research," with William Even and Samuel Williamson.

Miami University Faculty Research Grant, 6/1990-8/1990, $4,000, "The Role of Firm Size in Pension Coverage and Options."

Miami University Faculty Research Grant, 6/1989-8/1989, $4,000, "Declining Unionism and the Gender Wage Gap," with William Even.

Participation in National Meetings

Panel Discussant, American Real Estate and Urban Economics Association/ASSA meetings, January 2008.

Presented, "Employee Turnover in the Long-Term Care Industry," at Academy Health Annual Research Meetings, June 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at International Atlantic Economic Society meetings, October 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at International Atlantic Economic Society meetings, October 2005.

Presented, "Replacing Earnings After Termination: Evidence from the Displaced Worker Survey," at the Allied Social Science Association/National Association of Forensic Economics, January 2002.

Presented, "Labor Market Transitions of Older Workers," at the Allied Social Science Association/Society of Government Economists meetings, January 1999.

Presented, "Why has the Loss in Pension Coverage Accelerated Among Less Educated Workers?" at the American Economic Association Meetings, 1995.

Presented, "Wages and Gender Composition: Why Do Women's Jobs Pay Less?" at the American Economic Association Meetings, 1994, with Barry Hirsch.

Presented, "Pensions, Labor Turnover, and Employer Size" at the American Economic Association Meetings, 1993, with William Even.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the American Economic Association meetings, 1992, with William Even.

Participation in Regional Meetings

Presented "Unions and Pension Performance: The Role of Pension Design," at Southern Economics Association meetings, November 2009.

Panel member, "Recent Federal Reserve Policy: An Evaluation" at Southern Economics Association meetings, November 2009.

Discussant, "Topics in Health Economics," at Southern Economics Association meetings, November 2009.

Discussant, "Teacher Pay, Principals, and Schooling," at Southern Economics Association meetings, November 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Western Economic Association meetings, July 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Eastern Economic Association meetings, February 2009.

Panel Discussant at the Southern Economic Association meetings, November 2008.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Southern Economic Association meetings, November 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Western Economic Association meetings, July 2008.

Chair "Pensions and Retirement" Session at Southern Economic Association meetings, November 2007.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Southern Economic Association meetings, November 2007.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Southern Economic Association meetings, November 2006.

Panel Discussant, Southern Economic Association meetings, November 2005.

Presented, "Do Pensions Impede Phased Retirement?" at the Southern Economic Association meetings, November 2004.

Presented, "When Will the Gender Gap in Retirement Income Narrow?" at the Southern Economic Association meetings, November 2003.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Southern Economic Association meetings, November 2002.

Presented, "Racial Composition, Wages, and Quality Sorting," at the Southern Economic Association meetings, November 1999.

Presented, "Racial and Ethnic Differences in Pension Coverage and Benefit Levels," at the Southern Economic Association meetings, November 1998.

Presented, "Factors Influencing Participation and Contribution Levels in 401(k) Plans," at the Western Economics Association meetings, July 1998.

Presented, "Aging at Work: Employment Determination, Firm Strategies, and Public Policy in the United States," at the Western Economic Association meetings, July 1994.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Western Economic Association meetings, July 1992.

Presented "Plant Size and the Decline of Unionism," at the Southern Economic Association meetings, 1989, with William Even.

Panel Discussant, Southern Economic Association meetings, November 1989.

Presented "The Labor Force Participation and Earnings Profiles of Married Female Immigrants," at the Southern Economic Association meetings, November 1988.

Presented "Pensions, Screening, and the Gender Wage Gap," at the Southern Economic Association meetings, November 1988.

Session Chair and Panel Discussant at the Southern Economic Association meetings, November 1988.

Participation in Invited Seminars, Conferences, and other Presentations

Presented, "Teaching Macroeconomics During Troubled Times," at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2012.

Presented, "Participant Direction in Defined Contribution Pension Plans," at Pennsylvania State University, April 2010.

Presented, "The Parallels Between the Japanese Economic Crisis of the 1990s and the US Today" at Creative Ideas for Your Basic Economics Course Conference at Florida State University, February 2010.

Chair "Minimum Wage & EITC" Session at Society of Labor Economists meetings, May 2009.

Presented "Participant Direction in Defined Contribution Plans," at Lehigh University, April 2009.

Presented "Is Bigger Still Better?: The Decline of the Wage Premium at Large Firms," at Association of Private Enterprise Education meetings, April 2009.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Trinity University, October 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Georgia State University, April 2008.

Presented "The Growth of Participant Direction in Defined Contribution Pensions," at Association of Private Enterprise Education meetings, April 2008.
Presented, "Improving Pension Coverage at Small Firms," at Hudson Institute, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Society of Labor Economics meetings, May 2006.

Presented, "Participant Direction in Defined Contribution Plans," at Association of Private Enterprise Education meetings, April 2006.

Presented, "Participant Direction in Defined Contribution Plans," at University of Wisconsin-Milwaukee, April 2006.

Invited Panel Participant for Pepper Foundation and Center Symposium on pension reform, Washington, DC, February 2006.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at West Virginia University, April 2005.

Presented, "The Risk and Return of Pension Investments in Employer Stock," at the University of Kentucky, November 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the Federal Reserve Bank of Atlanta, April 2004.

Presented, "The Causes and Consequences of Company Stock Holdings in Pension Funds," at the University of Oklahoma, February 2004.

Presented, "Tracking Union and Nonunion Wages in the U.S.: Can the Evidence be Reconciled?" at the Middlebury Annual Conference on Economic Issues, April 2002.

Presented, "How Will the Growth of DC and 401(k) Plans Affect Pension Income?" at the Miami University Center for Pension and Retirement Research Conference, June 2001.

Presented, "Benefits and Worker Productivity," Benefits for the Workplace of Tomorrow Conference, Wharton School, University of Pennsylvania, May 2001.

Participant, Innovations in Managing the Financial Risks of Retirement Conference, Wharton School, University of Pennsylvania, May 2000.

Presented "Using Hi-Tech in Large Lectures," at Association of Private Enterprise Education meetings, April 2000.

Presented "Employee Participation in 401(k) Plans," at University of Wisconsin-Milwaukee, October 1999.

Presented "Gender, Race, and Ethnicity in the Labor Market," as part of the Smith Chair course in Labor Economics at Brigham Young University, September 1999.

Presented, "The Decline in Pension Coverage Among Less Educated Workers," at the Florida State University Economics Department Seminar Series, 1996.

Presented, "Children's Effects on Women's Labor Market Attachment and Earnings" at the Conference on the Changes in Working Time in Canada and the United States, Canadian Employment Research Forum, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Ohio State University Economics Department Seminar Series, 1996.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" at the Florida State University Economics Department Seminar Series, 1995.

Presented, "Employer Size and Labor Turnover: The Role of Pensions," at Syracuse University, 1995.

Presented, "Earnings, Rents, and Competition in the Airline Labor Market" while visiting scholar at the Federal Reserve Bank of Cleveland, 1995.

Presented, "Trends in Individual and Household Pension Coverage," at the Miami University Center for Pension and Retirement Research Conference, 1994.

Presented, "Racial Composition, Quality Sorting, and the Black-White Wage Gap" at the University of Wisconsin, Institute for Research on Poverty, Small Grants Workshop, 1993, with Barry Hirsch.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Florida State University Economics Department Seminar Series, 1992.

Participant at National Bureau of Economic Research (NBER) Labor Studies meetings of the Summer Institute, 1992.

Presented, "Why Did Male Pension Coverage Decline in the 1980s?" at the Miami University Conference on Current Pension Policy Issues, 1992.

Organizer and participant at conference on "Contemporary Issues in Pension Economics," hosted by the Center for Pension and Retirement Research, Miami University, 1990.

Presented "The Effect of International Competition on Union and Nonunion Wages," at the University of Cincinnati Seminar Series, 1987.

Refereeing

Bulletin of Economic Research, Canadian Journal of Economics, Contemporary Economic Policy, Eastern Economics Journal, Economic Development and Cultural Change, Economic Inquiry, Industrial Relations, Industrial and Labor Relations Review, International Economic Review, Journal of Economics and Business, Journal of Human Resources, Journal of Labor Economics, Journal of Labor Research, Journal of Pension Economics and Finance, Labour Economics, Mid-American Journal of Business, Policy Studies Review, Quarterly Journal of Economics, Quarterly Review of Economics and Finance, Real Estate Economics, Review *of Economics and Statistics, Social Science Quarterly, Southern Economic Journal*

Outside reviewer for Department of Economics, UNC-Greensboro, Georgia State University.

Promotion and tenure letters for candidates at Georgia State University, Kansas State University, Monmouth University, Ohio State University, University of Massachusetts, University of Southern California, and University of Wisconsin-Milwaukee.

Honors and Awards

Awarded sabbatical, Trinity, Fall 2011.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 2005.

Named Rod and Hope Brim Eminent Scholar in Economics, FSU, Fall 2004.

Research Fellow, Institute for the Study of Labor (IZA), Bonn, 2004-.

Who's Who in Economics, Fourth Edition, Mark Blaug and Howard Vane (eds), Edward Elgar Publishing, 2003, pp. 524 (selection criteria: one of the 1,200 most frequently cited economists in the years 1990-2000 using the Social Science Citation Index).

Awarded Abba Lerner named professorship, FSU, Spring 2000.

Awarded sabbatical, FSU, Spring 2000.

Received FSU Award for Excellence in Undergraduate Teaching, Spring 2000.

Received FSU Teaching Incentive Program Award, Fall 1995.

Nominated for FSU Award for Excellence in Undergraduate Teaching, Spring 1994.

Nominated for Outstanding Teaching Award, Associated Student Government, Miami University,1992.
Selected by the Miami University Sisters of Delta Gamma for a "Favorite Professor Award" in Fall 1990.

Honorary Member of Golden Key National Honor Society, Fall 1989.

Selected by the Sisters of Delta Gamma as "One of the twenty five most outstanding faculty members at Miami University" in Fall 1988.

Service

Vice President, Southern Economic Association, 2011-

Trinity University

Dick and Peggy Prassel Professor of Business Administration Search Committee, 2011
Faculty and Staff Compensation Committee, 2010-2011
Student Retention Committee, 2010

Florida State University

University and College Committees:

Member, GPC subcommittee for Marketing, Spring 2008.
Member, Graduate Policy Committee, Fall 2007-.
Chair, GPC subcommittee for Political Science, Fall 2006.
Member, Title IV Admissions Attendance Committee, Fall 2003-Spring 2004.
Member, College of Social Sciences Executive Committee, Fall 2003-.
Member, Ad Hoc Committee on COSS Technology, Spring 2003.
Member, Computing and Information Resource Committee, Fall 1999-.
Member, Academic and Policy Affairs Committee, Fall 1996-Spring 1998.

Economics Department Committees:

Member, Ad Hoc Committee on Economics 2000 Level Courses, Spring 1999.
Member, Undergraduate Economics Committee, Fall 1998-
Member, Economics Department Executive Committee, Fall 1994-Spring 1995, Fall 1996-Spring 1999, Fall 2000-.
Economics Department Library Representative, Fall 1993-.
Micro/Macroeconomics Seminar Coordinator, Fall 1993-Spring 1995, Fall 1998-Fall 1999, Fall 2001, Fall 2006-.

Comprehensive Examination Committees:

Member, Masters Comprehensive Exam Committee, Spring 1994.
Member, Ph.D. Labor Field Exam Committee, Fall 1992, Spring 1994, Fall 1994, Fall 1995, Fall 1996, Spring 1997, Spring 1998.
Chair, Masters Comprehensive Exam Committee, Fall 1994, Spring 1998.
Chair, Ph.D. Labor Field Exam Committee, Spring 1993-Fall 1993, Spring 1995, Spring 1996, Spring 2000, Spring 2001, Fall 2001.

Miami University

Computing Task Force, Department of Economics, 1991-92.
Recruiting Committee, Department of Economics, 1990-92.
Economics Club Advisor, 1988-1991.
Research Associate, Center for Pension and Retirement Research, 1988-92.
Delta Sigma Pi Chapter Advisor, 1988-89.
Student Finance Committee, Student Affairs Council, 1988-89.
Omicron Delta Epsilon Advisor, 1987-88.

Theses, Extended Papers, and Dissertations

Undergraduate Honors Thesis:

Chair, Leela Hebbar, 1995

Member, Nicole Cubies, 2006
Member, John Stutts, 2006
Member, Todd Crannell, 2000
Member, Mark Plotnick, 2000
Member, Bobby Pittman, 1998

MS Thesis and Extended Paper:

Chair, Maria Arce-Trigatti, 2009
Chair, George Holescko, 2000
Chair, J. Michael DuMond, 1994

Member, Shael Wolfson, 2000

Member, Lehr Eliason, 2000
Member, Steve Muri, 2000
Member, Ken Meier, 1998
Member, Tarteshia Williams, 1995
Member, Richard Page, 1994

PhD Dissertation:

Chair, James Farrell, 2009
Chair, Mark Keightley, 2008
Chair, Ali Al-Malki, 2007
Chair, Carter Doyle, 2005
Chair, Edward Wolpert, 1998
Chair, J. Michael DuMond, 1997

Member, Bogdan Daraban, 2007
Member, Russell Engel, 2007
Member, Li Feng, 2006
Member, Chuck Skipton, 2003
Member, Nicole Yurgin, 2003
Member, Jennifer Troyer, 1999
Member, Josefina Tranfa, 1999
Member, Shaliesh Bandarhi, 1998
Member, James Freeman, 1998
Member, Brian Nottage, 1998
Member, Ben Shippen, 1995
Member, Ed Schumacher, 1994

Outside Member, Stephanie Burge, Sociology, 2006
Outside Member, Reg Albritton, Special Education, 2005
Outside Member, Kim Shuey, Sociology, 2001
Outside Member, Andrea Willson, Sociology, 2001
Outside Member, Phyllis Keys, Finance, 1998

David A. Macpherson

Depositions and Trial Testimony: 2008 to 2012

1. Angela Speed and Adrian Speed vs. Hertz Corporation
   Atty: Dawn Pompey Whitehurst; Brevard County, Florida; gave deposition; wrongful injury; 2008; Case No: 05-2005-CA-065447

2. Patricia Morrison vs. Anthony Mork and Microspine Surgery
   Atty: Steven Andrews; Walton County, Florida; testified at trial; wrongful injury; 2008; Case No: 06000249CA.

3. James Tomaselli vs. State of Florida, Department of Corrections
   Atty: Gordon Leech; Martin County, Florida; gave deposition; wrongful termination; 2008; Case No: 01-554-CA.

4. Russell Martin, et al. v. City of Atlanta, et al.
   Atty: Andrew Coffman; U.S. District Court, Northern District of Georgia, Atlanta 5Division; gave deposition; racial discrimination; 2008; Case CA File No: 1:07-cv-00326-BBM

5. McCabe, et al. v. Harmon Fruit, et al.
   Atty: Larry Perry; Polk County, Florida; gave deposition; wrongful death; 2008; Case 53-2005-CA-003612-0000-00

6. Thomas Faulkner v. Michael Chertoff and Department of Homeland Security
   Atty: John Davis; U.S. District Court; Northern District of Florida; gave deposition; wrongful termination; 2009; Case 4:08CV341-SPM/WCS

7. Matthew Debord and Tabitha Debord vs. G & S Material Service et al.
   Atty: Hubert Brown; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 3:07cv365-LAC/MD

8. Jessica Loveday vs. USA
   Atty: Anthony Caggiano; U.S. District Court; Northern District of Florida; gave deposition; wrongful injury; 2009; Case 1:08cv205/SPM

9. Julia Keyes vs. AIG
   Atty: Larry Perry; Jackson County, Florida; gave deposition; wrongful injury; 2009; Case 08706CA

10. Estate of Linda DePuy vs. Broeseker et al.
    Atty: Steve Andrews; Leon County, Florida; gave deposition; wrongful death; 2009; Case 2007 CA 2509

11. Oliver and Sollman vs. VSoft Inc.
    Atty: Larry Pankey; U.S. District Court, Northern District of Georgia, Atlanta Division; gave deposition; age discrimination; 2009; Case CA File No: 1:09-CV-0185

12. Yolanda Young vs. Covington and Burling, LLP
    Atty: Latif Damon; U.S. District Court for the District of Columbia; gave deposition; racial discrimination; 2009; Case CA File No: 1:09-CV-0464 RBW

13. Deborah Suboh vs. Mark Bergeson et al.
    Atty: Stephanie Wright and Charlotte Perrell; Georgia, Dekalb County; Case 07A77585-5, gave deposition; legal malpractice; 2010.

14. Rolando Simmons vs. Davis and Peterson
    Atty: Hubert Brown; Florida, Calhoun County; Case 2008-0150-CA, gave deposition and testified at trial; medical malpractice; 2010.

15. Lorie J. Marshall, et al. vs. H & R Block Tax Services, Inc.
    Atty: Allan Steyer; U.S, U.S. District Court
    Southern District of Illinois; Case No. 3:08-CV591-MJR; gave deposition; consumer damages; 2010.

16. Daren Davis vs. Joseph Austin and Terry Roberts Work Site
    Atty: Anthony Caggiano; Florida, Osceola County; gave deposition; wrongful injury; 2010; Case 2006 CA 002997 AN

17. David Darrow vs. Adventist Health Systems/Sunbelt Inc.
    Atty: Anthony Caggiano; Florida, Orange County; gave deposition; wrongful injury; 2010; Case 48-2009-CA-004897-0

18. Samuel Gonzalez vs. Gurdev Singh Nijjar et al.
    Atty: Ramon Rodriguez; Texas, El Paso County; gave deposition; wrongful injury; 2010; Case 2007-011

19. John Davis vs. Devereux Foundation.
    Atty: Thomas Brown; Florida, Brevard County; gave deposition; wrongful injury; 2010; Case 99-15992-CA-F

20. Al Kowalski vs. et al. YellowPages.Com, LLC
    Atty: Peter Pearlman; U.S. District Court Southern District of New York; Case No. 10-7318 (PGG); gave deposition; consumer damages; 2011.

21. Christina Glover and Jason Glover vs. Publix Super Markets
    Atty: Phelicia Steill; Florida, Leon; Case No. 08 CA 2695; gave deposition; wrongful injury; 2011.

22. Lissette Cartagena and William Cartagena vs. Bracero et al.
    Atty: Thomas Brown; Florida, Orange County; Case No. 07-CA-2645 DIV 34; gave deposition and testified at trial; wrongful injury; 2011.

23. Lillie Conyers and James Conyers vs. Werner Enterprises et al.
    Atty: Thomas Brown; Florida, Jackson County; Case No. 09-1174-CA; gave deposition; wrongful injury; 2011.

24. Shannon McCants vs. Wackenhut Corporation
    Atty: Dawn Pompey Whitehurst; Duval County, Florida; gave deposition and testified at trial; wrongful death; 2011; Case No: 16-2008-CA-014834

25. Christina Whipple versus R.E.S.A, Inc.
    Atty: Susan Haney; Bexar County, Texas; gave deposition; business damages; 2011; Case No.: 2009-CI-17074

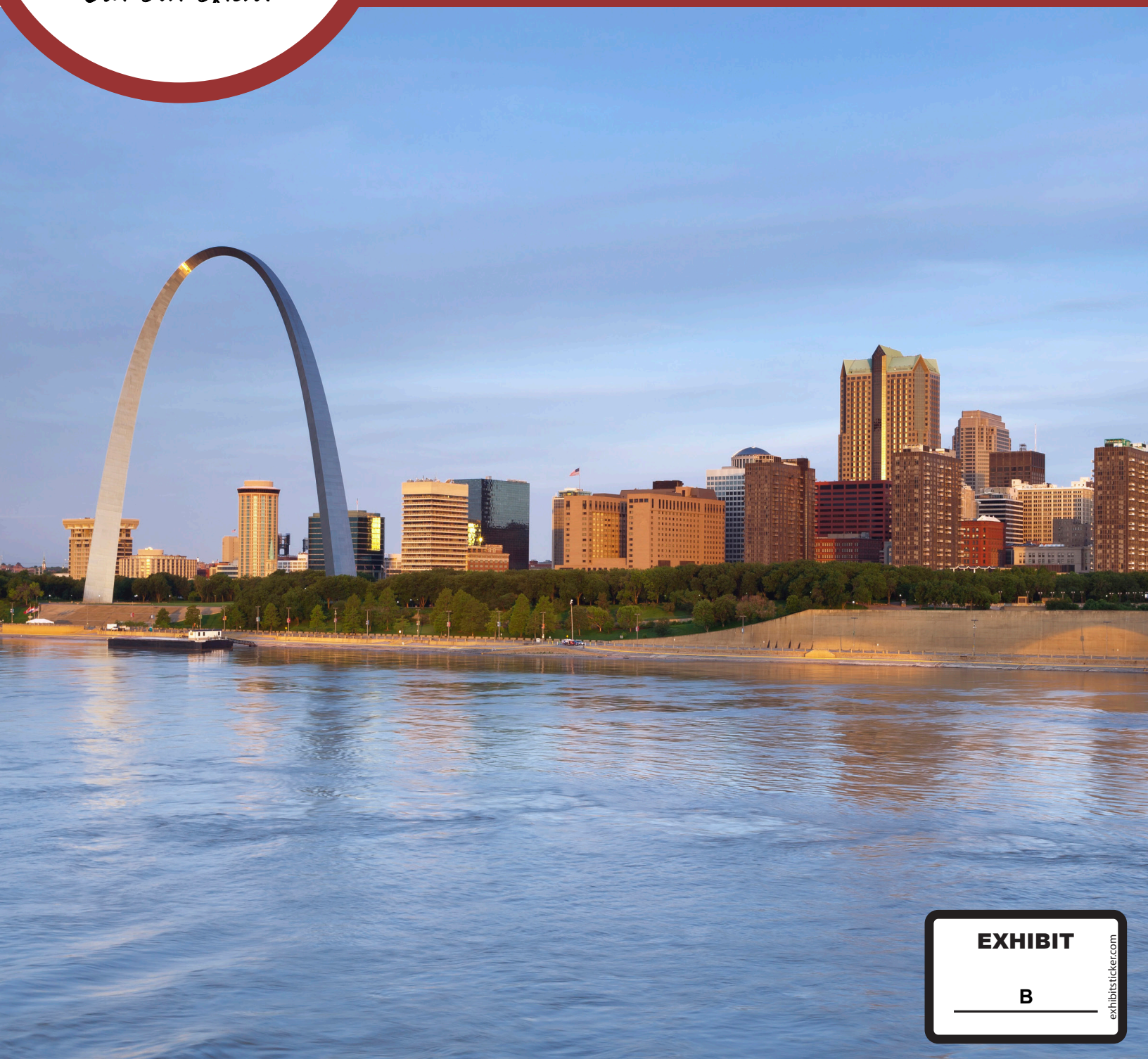
26. Daniel Plouffe, et al. versus General Motors, LLC
    Atty: Michael Pitt; Wayne County, Michigan; gave deposition; age discrimination; 2012; Case No.: Case No. 11-007645-CL

27. Johnny Cash versus State Farm
    Atty: Steven Andrews; Leon County, Florida; testified at trial; wrongful injury; 2012; Case No.: Case No. 10-CA-2429

June 2014

MISSOURI
Restaurant Association
Eat Out Often!

The Impact of a $10.10 Minimum Wage on Jobs and Taxpayer Costs in Missouri



EXHIBIT
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ABOUT THE MISSOURI RESTAURANT ASSOCIATION

With origins dating back to 1916, the Missouri Restaurant Association (MRA) is a statewide trade association representing over 1,500 member establishments. The association's membership is diverse, and includes full service, fast casual, and quick service restaurants, cafeterias, hotels, schools, institutions, contract feeders, and ancillary foodservice providers such as theme parks. The association has been successful in securing support from virtually every segment of the foodservice and hospitality industry.

MRA includes seven chapters as extensions of the parent organization, each with its own Officers, Board of Directors, and limited budget. The association is governed by a Board of Directors comprised of five Officers, 33 Directors, and each President of the seven affiliated chapters.

MRA is dedicated to serving the needs of the foodservice and hospitality industry, enhancing and improving its growth and development, assisting and educating its members in operating more effectively, improving the political and social environment in which the industry conducts business, for the benefit of its members, patrons, employees, and the well-being of the community.

David A. Macpherson is the E.M. Stevens Professor of Economics at Trinity University. He received undergraduate and doctoral degrees in economics from Pennsylvania State University.

Dr. Macpherson has published over 60 articles in leading economics and real estate journals including Review of Economics and Statistics, Industrial and Labor Relations Review, Journal of Labor Economics, Journal of Human Resources, and Journal of Real Estate Economics and Finance. His research has been funded by a variety of entities including the National Science Foundation, Florida Legislature, and the National Association of Realtors. He is co-author of the undergraduate labor economics text, Contemporary Labor Economics, as well as the principles of economics text, Economics: Private and Public Choice. He is included in Who's Who in Economics, Fourth Edition, which includes the 1,200 most frequently cited economists.

THE IMPACT OF A $10.10 MINIMUM WAGE ON JOBS AND TAXPAYER COSTS IN MISSOURI

June 2014

Economic Analysis by **Dr. David Macpherson**
Trinity University

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EXECUTIVE SUMMARY

Missouri's minimum wage of $7.50 is linked to rise in most years with the inflation rate. But some state legislators and labor unions would like to raise that figure even higher. For instance, a recent labor union-organized bus tour in the state promoted a $10.10 minimum wage in St. Louis.

Proponents have enthusiastically pointed to the benefits of the $10.10 policy. But there's been far less discussion of the costs involved with a $10.10-an-hour minimum wage—both the cost on employment, and the cost to taxpayers.

In this study, labor economist David Macpherson of Trinity University uses Census Bureau data to estimate the impact on Missouri's labor market and budget from raising the minimum wage to $10.10 an hour. He also provides separate results for the St. Louis metropolitan area.

Dr. Macpherson's employment estimates follow the methodology used by the nonpartisan Congressional Budget Office in its report earlier this year estimating the impact of a $10.10 minimum wage nationwide, which in turn relied on 60 different empirical studies to formulate its estimates.

Statewide, he finds that over 15,000 jobs would be lost at the $10.10 wage level—with 9,300 of those jobs being held by women. In the St. Louis metropolitan area, approximately 4,800 jobs would be lost from a $10.10 minimum wage.

The cost to taxpayers would be significant: There are approximately 40,000 state and local employees whose wages would be affected by the $10.10 increase in Missouri, for a combined cost to taxpayers of $87 million annually.

Raising wages is an admirable goal, but the evidence suggests that accomplishing this goal with a blunt wage mandate could do more harm than good.

RESULTS

The minimum wage is one of the most hotly-debated topics in the political world. Some legislators claim that a higher base wage will stimulate the economy; others claim that it will reduce jobs when affected employers can't offset the higher costs through higher prices.

Economists, who have studied the issue since the late 1940s, tend to take a skeptical view of minimum wage increases. Since the early 1990s, for instance, roughly 85 percent of the most credible research on the minimum wage points to job loss for less-skilled groups. The nonpartisan Congressional Budget Office (CBO), in an evaluation of President Obama's proposed $10.10 minimum wage increase, reviewed 60 different studies and concluded that the policy would eliminate 500,000 jobs if enacted.

The estimates that follow, of the employment impact of a higher minimum wage on Missouri's labor market, were performed by Dr. David Macpherson of Trinity University. Dr. Macpherson followed closely the methodology used by the CBO in its 2014 report. Dr. Macpherson also estimates the taxpayer costs of a higher minimum wage, as many state and local public employees will see their earnings increase when the minimum wage rises.

Dr. Macpherson's methodology is presented in detail in a technical appendix.

Estimated Employment Effects of a $10.10 Minimum Wage in Missouri

Statewide, Dr. Macpherson finds that increasing the minimum wage to $10.10 would eliminate over 15,000 jobs—approximately 60 percent of which are jobs held by women. The bulk of the job losses would be concentrated among individuals with a high school degree or less, and among people who work in the retail or leisure & hospitality industries.

(Note: Totals have slight discrepancies due to rounding.)

Estimates by Gender

	Job Losses
Male	6,311
Female	9,364
TOTAL	**15,705**

Estimates by Age

Age	*Job Loss*
<=21	9,237
22-25	1,532
26-30	1,023
31-40	1,175
41-50	980
51 +	1,759

Estimates by Race

Race	*Job Loss*
White	13,299
Black or Other Race	2,406

RESULTS CONTINUED

Top Three Industries Affected	
Industry	*Job Loss*
Retail Trade	3,835
Arts, Entertainment, Recreation, Accommodations, and Food Services	6,039
Healthcare	1,199

Estimates by Education	
Education	*Job Loss*
Less than High School	5,555
High School Grad, No College	4,921
Some College	4,428
Undergrad or Graduate Degree	802

City-Specific Minimum Wage Employment Impacts

The city of St. Louis has been the subject of a number of protests calling for a higher minimum wage. Dr. Macpherson analyzed the employment impact of a $10.10 minimum wage in the St. Louis metropolitan area, providing breakouts by gender and education where the data permits. He estimates that the wage hike would eliminate approximately 5,000 jobs—just over half of which would be jobs held by women.

Impact on St. Louis Metro Area of a $10.10 Minimum Wage	
Gender	*Job Loss*
Male	2,033
Female	2,767
TOTAL	**4,800**
Race	*Job Loss*
White	3,641
Black or Other Race	1,158
Education	*Job Loss*
High School Grad or Less	3,097
Some College, Undergrad or Graduate Degree	1,703

RESULTS CONTINUED

Missouri Taxpayer Costs of a $10.10 Minimum Wage

Dr. Macpherson estimates that approximately forty thousand state & local public employees would be affected by a minimum wage increase to $10.10 an hour. These additional wage costs translate to new costs for state and local taxpayers. Following the methodology described in detail in the technical appendix, Dr. Macpherson estimates both the straight wage cost of a $10.10 minimum wage, as well as the total compensation cost with Social Security, Medicare, workers compensation, and unemployment insurance included. Statewide, taxpayers would shoulder an additional $87 million in costs if the base wage was increased to $10.10 an hour and public employees were covered by the new wage.

Missouri Taxpayer Costs of a $10.10 Minimum Wage	
# of State & Local Workers	304,588
# Affected By $10.10 MW	40,103
Annual Wage Cost	$79,629,374
Annual Compensation Cost	$87,004,355

Note: Annual compensation costs include the cost of worker's compensation, FICA, and unemployment insurance benefits.

MISSOURI Restaurant Association
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TECHNICAL APPENDIX

Estimating Employment Loss and the Cost to State and Local Government of an Increase in the Minimum Wage

Dr. David Macpherson
E.M. Stevens Professor of Economics
Trinity University

This paper describes how we estimate the employment loss and the cost to state and local governments of a proposed increase in the minimum wage effective on January 1, 2015.

Data and Sample

First, we use data from the Current Population Survey (CPS) Outgoing Rotation Groups (ORG) from January 2011 through December 2013. For each worker in the sample, we calculate their wage rate. We also adjust the wage rate to reflect a forecast of wages in 2015. This is done in two steps. First, based on legislation enacted as of April 2014, we estimate the minimum wage that would be in effect in January 2015 for each state and city that we consider. If a state or city has an indexed minimum wage, we increase the January 2014 state or city minimum wage by the Congressional Budget Office (CBO) inflation forecast for 2014 of 1.7%.

Since we use data from 2011 through 2013, we also follow the CBO approach for forecasting what the wage distribution would be in 2015. This is done in two steps. First, we adjust wages observed prior to 2013 to reflect 2013 minimum wage legislation. For example, if the minimum wage in a state was $7.25 in 2011 and grew to $8.00 by 2013, anyone who earned between $7.25 and $8.00 in 2011 would have their wage increased to $8.00. After wages are adjusted to 2013 levels, we assume that all wages grow by 2.9% in 2014. Using the resulting 2015 distribution of wages, we adjust for minimum wage legislation that would increase the minimum between 2013 and 2015. Anyone earning a wage between the 2013 and 2015 minimum wage is assigned a wage matching the 2015 minimum wage.

After generating the forecast 2015 distribution of wages reflecting wage growth and existing minimum wage legislation, we identify workers who would be affected by additional changes to the 2015 minimum wage as those with wages between the predicted minimum wage legislated for 2015 (or up to $.25 below it) and the proposed minimum.

To estimate the number of affected workers, we take two steps. First, for each state, we estimate the number of affected workers for 2013. Second, we adjust the weights in the 2011 and 2012 data so that the state-specific number of affected workers implied by the 2011 and 2012 data matches that for 2013. This adjustment is designed to correct for the changing economic climate as the economy recovers from the great recession and to generate estimates that are as close as possible to the most recent data (2013). After we adjust the 2011 and 2012 weights, we estimate the number of affected workers by summing their earnings weights and dividing the total by 36 (the number of months of data).

[1] Also, following CBO, anyone earning up to $.25 less than the 2011 minimum wage would have their wage increased by the amount that the minimum wage increased (i.e. a $7.00 wage would be increased to $7.75 in this example). This approach is used to adjust for the fact that many workers round their answers when asked about their wage.

TECHINCAL APPENDIX CONTINUED

Employment Loss

To estimate employment loss, for each affected worker we compute:

L = e *(Proposed Min Wage /Min Wage 2015 – 1)

where e is an assumed elasticity of employment with respect to changes in the minimum wage, Min Wage 2015 is the minimum wage currently legislated for 2015, and Proposed Min Wage is the minimum wage that is being proposed for 2015. Thus, for example, if a worker is projected to earn the federal minimum of $7.25 in 2015, the expected reduction in employment resulting from a $10.10 minimum wage in 2015 if e=.45 is .45*(10.10/7.25 – 1) = .18. That is, for every 100 workers currently earning the federal minimum, the expectation is that 18 would lose a job if the minimum wage elasticity is .45.

To estimate the aggregate employment loss in the economy, we use earnings weights to sum L across workers. We also follow the Congressional Budget Office (2014) and use an elasticity of 0.15 for non-teenagers and 0.45 for teenagers.

Cost to State and Local Government

We use the same data to estimate the cost to state and local government of a proposed minimum wage hike. We apply the same definition of affected workers described above and estimate the number of state and local government workers affected by a minimum wage hike. We do not, however, assume that there is any job loss for state and local workers as we do not have an appropriate elasticity estimate specific to state and local workers. To the extent that state or local governments reduce hours or employment in response tothe minimum wage hike, our estimate of the cost of the hike would be overstated.

To estimate the increase in annual payroll cost resulting from an increase in the minimum wage, we estimate the increase in annual cost for each worker as:

(Proposed Min Wage-Min Wage 2015)*weekly hours*52

We then multiply the increase in annual cost by the earnings weight for each worker and sum across workers. Since an increase in wages also requires increased employer contributions for Social Security, Medicare, workers' compensation and unemployment insurance, we apply an estimate of the payroll tax rate for these mandatory programs to calculate the additional cost for these programs.

For each state and city considered, we provide tables summarizing the number of affected workers, employment loss, and the distribution of employment loss by sex, education, race, age and industry. Given that we use three years of data, a rule of thumb for minimum sample size required to achieve a reasonably accurate estimate of the employment loss is to require at least 30,000 people be in the relevant category. For example, if there are fewer than 30,000 people projected to be in a particular industry category, the Bureau of Labor Statistics would not report the estimate due to a lack of reliability based on the variance of the estimate relative to its mean.

In addition to the estimate of employment loss, for each state or city considered, we estimate the number of state and local workers that would be affected by the minimum wage hike and the total annual cost to government in terms of wages and total compensation. As with the employment estimates, we advise caution in interpreting estimates that are based on fewer than 30,000 affected workers.

[3] Congressional Budget Office, "The Effects of a Minimum-Wage Increase on Employment and Family Income," February 2014.

[4] For workers paid by the hour the reported hourly wage was used. For workers who are not paid by the hour, we calculate the hourly wage by dividing usual weekly earnings by usual weekly hours. Overtime pay was calculated as time and one-half for hours above 40 hours for hourly workers.

[5] The assumed payroll tax for Medicare and Social Security is 7.65 percent. To estimate the payroll tax for workers' compensation and unemployment insurance, we use unpublished data from the 2010 Employer Cost of Employee Compensation database for state and local workers in the relevant region in 2010.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College, Harris-Stowe State University, Lincoln University,**. **Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State and local governments estimate no direct costs or savings from the proposal, but operating costs could increase by an unknown annual amount that could be significant. State and local government tax revenue could change by an unknown annual amount ranging from a $9 million decrease to a $407 million increase depending on business decisions.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
DEC 05 2016
STATE AUDITORS OFFICE

December 5, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Marc Ellinger regarding a proposed constitutional amendment to Article IV, version 5 (2018-072)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Marc Ellinger on December 2, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title)

RECEIVED
DEC 02 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
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10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article IV is amended by adding one new section to be known as Section 40(c), to read as follows:

40(c). 1. The provisions of Section 40(c) shall be known as the Fair Chase Amendment. It shall be the public policy of this state to protect the health of Missouri's livestock and wildlife by changing the requirements related to captive big game species. Confined big game killing does not provide any food, energy, health benefits or security to Missouri and presents significant threats to the safety, health and welfare of wildlife across Missouri. Confined big game killing, breeding big game species, or raising big game species shall not be construed as farming or ranching for any purpose under this Constitution or any law.

2. No person shall engage in confined big game killing, except: any person with a valid permit in effect on November 6, 2018. Such person may renew such permit up to and through November 7, 2021, at which time all such permits shall expire. At the expiration of any such permit, big game species must be located where they may be confined legally under state and federal laws and regulations in effect at that time.

3. Definitions.

a. "Big game species" shall not include any livestock as defined in this Amendment and shall include all of the following animals, either as live specimens or embryos, ova, semen and genetic material intended for commercial breeding operations: (a) all cervids including but not limited to white-tailed deer, elk, mule deer, red deer, fallow deer, sika deer and moose; (b) mountain goats, bighorn sheep, Dall's sheep, pronghorn, peccary, and javelina; and (c) any ungulate (hooved animal) confined or bred primarily for confined killing.

b. "Confined big game killing" shall mean an act in which a person obtains fees or other remuneration from another person for the killing or attempted killing of privately-owned big game species confined in or released from any man-made enclosure designed to prevent escape, but shall not include any act of a government employee or agent to control an animal population, to prevent or control diseases, or when government action is otherwise required or authorized by law.

c. "Livestock" as used in this Amendment, shall mean cattle, fully domesticated swine, fully domesticated sheep, fully domesticated goats, fully domesticated bison, fully domesticated ratite birds, fully domesticated rabbits, and fully domesticated horses, donkeys, mules, alpacas and llamas, where such fully domesticated animals are raised for human use or consumption and not for hunting or trapping as regulated by the Missouri Conservation Commission. Livestock shall also include semen or ova of any designated animal in this definition.

4. The Missouri Conservation Commission may make such rules and regulations as may be deemed necessary for the enforcement of this Amendment.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-072)

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article IV. (Received December 5, 2016)

Date

December 22, 2016

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University and Metropolitan Zoological Park and Museum District**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential cost arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated the cost of this proposal is unknown but potentially significant to the Missouri Department of Agriculture (MDA). The proposal takes away a portion of MDA's statutory authority over animal movement and animal health. MDA loses its current authority over privately owned species under this proposal. It may prevent MDA from meeting US Department of Agriculture criteria for an approved Chronic Wasting Disease program, which would eliminate FTE from the Division of Animal Health and have a negative economic impact on the Missouri economy.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they do not feel that this initiative petition pertains to their department. Therefore, they will not be responding.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition does not pertain to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal. Any cost savings in the form of staff time that would not have to be spent permitting and inspecting big game hunting preserves would be minimal, and staff would be reallocated to address other department needs.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated the proposed amendment would authorize the Missouri Conservation Commission to regulate confined, privately owned big game species. It would also restrict or prohibit certain activities relating to such species. Budget and Planning defers to the Missouri Conservation Commission for an estimate of the proposal's fiscal impact on the Commission or the Missouri Department of Conservation (MDC). Budget and Planning also defers to the Missouri Department of Agriculture (MDA) for an estimate of the proposal's potential fiscal impact on MDA. Budget and Planning does not have sufficient information to estimate the potential fiscal impact the proposal may have on state or local government revenues derived from practices that would be regulated, restricted, or prohibited under the proposal. This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated

$2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated this petition appears to have no fiscal impact on their city.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri State University** indicated no financial impact to their university.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from the **Missouri Western State University** indicated no fiscal impact on their university.

Officials from the **Metropolitan Zoological Park and Museum District** indicated this measure will have no monetary impact on their district.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the

City of St. Joseph, the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State governmental impact is unknown. Local governmental entities expect no costs or savings.

RECEIVED
DEC 05 2016
STATE AUDITORS OFFICE

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

December 5, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Marc Ellinger regarding a proposed constitutional amendment to Article IV, version 4 (2018-071)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Marc Ellinger on December 2, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title)

RECEIVED
DEC 02 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article IV is amended by adding one new section to be known as Section 40(c), to read as follows:

40(c). 1. The right to hunt shall be guaranteed to all Missourians and shall not be infringed by law, except as expressly authorized in this Constitution. This section shall not be a basis to challenge any rule, regulation or permit requirements established by the Missouri Conservation Commission pursuant to its authority under Sections 40(a) through 46 of this Article, nor shall it authorize any person to hunt with any weapon such person may not legally possess nor shall it authorize trespassing. Confined big game killing is not hunting for any purpose under this Constitution or any law. The provisions of Section 40(c) shall be known as the Fair Chase Amendment. It shall be the public policy of this state to protect the health of Missouri's livestock and wildlife by changing the requirements related to captive big game species. Confined big game killing does not provide any food, energy, health benefits or security to Missouri and presents significant threats to the safety, health and welfare of wildlife across Missouri. Confined big game killing, breeding big game species, or raising big game species shall not be construed as farming or ranching for any purpose under this Constitution or any law.

2. No person shall engage in confined big game killing, except: any person with a valid permit in effect on November 6, 2018. Such person may renew such permit up to and through November 7, 2021, at which time all such permits shall expire. At the expiration of any such permit, big game species must be located where they may be confined legally under state and federal laws and regulations in effect at that time.

3. In addition to the authority vested in it by Section 40(a) of Article IV, the Missouri Conservation Commission shall have primary authority over the regulation of privately-owned big game species, but excluding bison not raised, bred or held for confined big game killing.

4. Definitions.

a. "Big game species" shall not include any livestock as defined in this Amendment and shall include all of the following animals, either as live specimens or embryos, ova, semen and genetic material intended for commercial breeding operations: (a) all cervids including but not limited to white-tailed deer, elk, mule deer, red deer, fallow deer, sika deer and moose; (b) mountain goats, bighorn sheep, Dall's sheep, pronghorn, peccary, and javelina; and (c) any ungulate (hooved animal) confined or bred primarily for confined killing.

b. "Confined big game killing" shall mean an act in which a person obtains fees or other remuneration from another person for the killing or attempted killing of privately-owned big game species confined in or released from any man-made enclosure designed to prevent escape, but shall not include any act of a government employee or agent to control an animal population, to prevent or control diseases, or when government action is otherwise required or authorized by law.

c. "Livestock" as used in this Amendment, shall mean cattle, fully domesticated swine, fully domesticated sheep, fully domesticated goats, fully domesticated bison, fully domesticated ratite birds, fully domesticated rabbits, and fully domesticated horses, donkeys, mules, alpacas and llamas, where such fully domesticated animals are raised for human use or consumption and not for hunting or trapping as regulated by the Missouri Conservation Commission. Livestock shall also include semen or ova of any designated animal in this definition.

5. The Missouri Conservation Commission may make such rules and regulations as may be deemed necessary for the enforcement of this Amendment and to regulate hunting in Missouri.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-071)

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article IV. (Received December 5, 2016)

Date

December 22, 2016

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University and Metropolitan Zoological Park and Museum District**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential cost arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated the cost of this proposal is unknown but potentially significant to the Missouri Department of Agriculture (MDA). The proposal takes away a portion of MDA's statutory authority over animal movement and animal health. MDA loses its current authority over privately owned species under this proposal. It may prevent MDA from meeting US Department of Agriculture criteria for an approved Chronic Wasting Disease program, which would eliminate FTE from the Division of Animal Health and have a negative economic impact on the Missouri economy.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they do not feel that this initiative petition pertains to their department. Therefore, they will not be responding.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition does not pertain to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal. Any cost savings in the form of staff time that would not have to be spent permitting and inspecting big game hunting preserves would be minimal, and staff would be reallocated to address other department needs.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated the proposed amendment would authorize the Missouri Conservation Commission to regulate confined, privately owned big game species. It would also restrict or prohibit certain activities relating to such species. Budget and Planning defers to the Missouri Conservation Commission for an estimate of the proposal's fiscal impact on the Commission or the Missouri Department of Conservation (MDC). Budget and Planning also defers to the Missouri Department of Agriculture (MDA) for an estimate of the proposal's potential fiscal impact on MDA. Budget and Planning does not have sufficient information to estimate the potential fiscal impact the proposal may have on state or local government revenues derived from practices that would be regulated, restricted, or prohibited under the proposal. This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated

$2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated this petition appears to have no fiscal impact on their city.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri State University** indicated no financial impact to their university.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from the **Metropolitan Zoological Park and Museum District** indicated this measure will have no monetary impact on their district. There are no costs or savings associated with this measure.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District,**

Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Harris-Stowe State University, Lincoln University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, and **Truman State University.**

Fiscal Note Summary

State governmental impact is unknown. Local governmental entities expect no costs or savings.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
DEC 05 2016
STATE AUDITORS OFFICE

December 5, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Marc Ellinger regarding a proposed constitutional amendment to Article IV, version 3 (2018-070)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Marc Ellinger on December 2, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
DEC 02 2016
MO. SECRETARY OF STATE

(Official Ballot title)

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article IV is amended by adding one new section to be known as Section 40(c), to read as follows:

40(c). 1. The right to hunt shall be guaranteed to all Missourians and shall not be infringed by law, except as expressly authorized in this Constitution. This section shall not be a basis to challenge any rule, regulation or permit requirements established by the Missouri Conservation Commission pursuant to its authority under Sections 40(a) through 46 of this Article, nor shall it authorize any person to hunt with any weapon such person may not legally possess, nor shall it authorize trespassing. Confined big game killing is not hunting for any purpose under this Constitution or any law. The provisions of Section 40(c) shall be known as the Fair Chase Amendment. It shall be the public policy of this state to protect the health of Missouri's livestock and wildlife by changing the requirements related to captive big game species. Confined big game killing does not provide any food, energy, health benefits or security to Missouri and presents significant threats to the safety, health and welfare of wildlife across Missouri. Confined big game killing, breeding big game species, or raising big game species shall not be construed as farming or ranching for any purpose under this Constitution or any law.

2. No person shall engage in confined big game killing, except: any person with a valid permit in effect on November 6, 2018. Such person may renew such permit up to and through November 7, 2021, at which time all such permits shall expire. At the expiration of any such permit, big game species must be located where they may be confined legally under state and federal laws and regulations in effect at that time.

3. In addition to the authority vested in it by Section 40(a) of Article IV, the Missouri Conservation Commission shall have primary authority over the regulation of privately-owned big game species, but excluding bison not raised, bred or held for confined big game killing.

4. Captive privately-owned big game species shall not be imported into the state of Missouri unless such big game species are being transported to and will be under the supervision of publicly owned zoos or wildlife or research organizations, American Zoo and Aquariums Association accredited not-for-profit facilities, or an authorized representative of a university, college, school, incorporated city, state or federal agency for scientific research.

5. Definitions.

a. "Big game species" shall not include any livestock as defined in this Amendment and shall include all of the following animals, either as live specimens or embryos, ova, semen and genetic material intended for commercial breeding operations: (a) all cervids including but not limited to white-tailed deer, elk, mule deer, red deer, fallow deer, sika deer and moose; (b) mountain goats, bighorn sheep, Dall's sheep, pronghorn, peccary, and javelina; and (c) any ungulate (hooved animal) confined or bred primarily for confined killing.

b. "Confined big game killing" shall mean an act in which a person obtains fees or other remuneration from another person for the killing or attempted killing of privately-owned big game species confined in or released from any man-made enclosure designed to prevent escape, but shall not include any act of a government employee or agent to control an animal population, to prevent or control diseases, or when government action is otherwise required or authorized by law.

c. "Livestock" as used in this Amendment, shall mean cattle, fully domesticated swine, fully domesticated sheep, fully domesticated goats, fully domesticated bison, fully domesticated ratite birds, fully domesticated rabbits, and fully domesticated horses, donkeys, mules, alpacas and llamas, where such fully domesticated animals are raised for human use or consumption and not for hunting or trapping as regulated by the Missouri Conservation Commission. Livestock shall also include semen or ova of any designated animal in this definition.

6. The Missouri Conservation Commission may make such rules and regulations as may be deemed necessary for the enforcement of this Amendment and to regulate hunting in Missouri.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-070)

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article IV. (Received December 5, 2016)

Date

December 22, 2016

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University and Metropolitan Zoological Park and Museum District**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential cost arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated the cost of this proposal is unknown but potentially significant to the Missouri Department of Agriculture (MDA). The proposal takes away a portion of MDA's statutory authority over animal movement and animal health. MDA loses its current authority over privately owned species under this proposal. It may prevent MDA from meeting US Department of Agriculture criteria for an approved Chronic Wasting Disease program, which would eliminate FTE from the Division of Animal Health and have a negative economic impact on the Missouri economy.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they do not feel that this initiative petition pertains to their department. Therefore, they will not be responding.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition does not pertain to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal. Any cost savings in the form of staff time that would not have to be spent permitting and inspecting big game hunting preserves would be minimal, and staff would be reallocated to address other department needs.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated the proposed amendment would authorize the Missouri Conservation Commission to regulate confined, privately owned big game species. It would also restrict or prohibit certain activities relating to such species. Budget and Planning defers to the Missouri Conservation Commission for an estimate of the proposal's fiscal impact on the Commission or the Missouri Department of Conservation (MDC). Budget and Planning also defers to the Missouri Department of Agriculture (MDA) for an estimate of the proposal's potential fiscal impact on MDA. Budget and Planning does not have sufficient information to estimate the potential fiscal impact the proposal may have on state or local government revenues derived from practices that would be regulated, restricted, or prohibited under the proposal. This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated

$2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated this petition appears to have no fiscal impact on their city.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri State University** indicated no financial impact to their university.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from the **Metropolitan Zoological Park and Museum District** indicated this measure will have no monetary impact on their district. There are no costs or savings associated with this measure.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District,**

Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Harris-Stowe State University, Lincoln University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, and **Truman State University.**

Fiscal Note Summary

State governmental impact is unknown. Local governmental entities expect no costs or savings

18-069

RECEIVED
DEC 05 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 5, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Marc Ellinger regarding a proposed constitutional amendment to Article IV, version 2 (2018-069)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Marc Ellinger on December 2, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title)

RECEIVED
DEC 02 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article IV is amended by adding one new section to be known as Section 40(c), to read as follows:

40(c). 1. The provisions of Section 40(c) shall be known as the Fair Chase Amendment. It shall be the public policy of this state to protect the health of Missouri's livestock and wildlife by changing the requirements related to captive big game species. Confined big game killing does not provide any food, energy, health benefits or security to Missouri and presents significant threats to the safety, health and welfare of wildlife across Missouri. Confined big game killing, breeding big game species, or raising big game species shall not be construed as farming or ranching for any purpose under this Constitution or any law.

2. No person shall engage in confined big game killing, except: any person with a valid permit in effect on November 6, 2018. Such person may renew such permit up to and through November 7, 2021, at which time all such permits shall expire. At the expiration of any such permit, big game species must be located where they may be confined legally under state and federal laws and regulations in effect at that time.

3. In addition to the authority vested in it by Section 40(a) of Article IV, the Missouri Conservation Commission shall have primary authority over the regulation of privately-owned big game species, but excluding bison not raised, bred or held for confined big game killing.

4. Definitions.

a. "Big game species" shall not include any livestock as defined in this Amendment and shall include all of the following animals, either as live specimens or embryos, ova, semen and genetic material intended for commercial breeding operations: (a) all cervids including but not limited to white-tailed deer, elk, mule deer, red deer, fallow deer, sika deer and moose; (b) mountain goats, bighorn sheep, Dall's sheep, pronghorn, peccary, and javelina; and (c) any ungulate (hooved animal) confined or bred primarily for confined killing.

b. "Confined big game killing" shall mean an act in which a person obtains fees or other remuneration from another person for the killing or attempted killing of privately-owned big game species confined in or released from any man-made enclosure designed to prevent escape, but shall not include any act of a government employee or agent to control an animal population, to prevent or control diseases, or when government action is otherwise required or authorized by law.

c. "Livestock" as used in this Amendment, shall mean cattle, fully domesticated swine, fully domesticated sheep, fully domesticated goats, fully domesticated bison, fully domesticated ratite birds, fully domesticated rabbits, and fully domesticated horses, donkeys, mules, alpacas and llamas, where such fully domesticated animals are raised for human use or consumption and not for hunting or trapping as regulated by the Missouri Conservation Commission. Livestock shall also include semen or ova of any designated animal in this definition.

5. The Missouri Conservation Commission may make such rules and regulations as may be deemed necessary for the enforcement of this Amendment.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-069)

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article IV. (Received December 5, 2016)

Date

December 22, 2016

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University and Metropolitan Zoological Park and Museum District**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential cost arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated the cost of this proposal is unknown but potentially significant to the Missouri Department of Agriculture (MDA). The proposal takes away a portion of MDA's statutory authority over animal movement and animal health. MDA loses its current authority over privately owned species under this proposal. It may prevent MDA from meeting US Department of Agriculture criteria for an approved Chronic Wasting Disease program, which would eliminate FTE from the Division of Animal Health and have a negative economic impact on the Missouri economy.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they do not feel that this initiative petition pertains to their department. Therefore, they will not be responding.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition does not pertain to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal. Any cost savings in the form of staff time that would not have to be spent permitting and inspecting big game hunting preserves would be minimal, and staff would be reallocated to address other department needs.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated the proposed amendment would authorize the Missouri Conservation Commission to regulate confined, privately owned big game species. It would also restrict or prohibit certain activities relating to such species. Budget and Planning defers to the Missouri Conservation Commission for an estimate of the proposal's fiscal impact on the Commission or the Missouri Department of Conservation (MDC). Budget and Planning also defers to the Missouri Department of Agriculture (MDA) for an estimate of the proposal's potential fiscal impact on MDA. Budget and Planning does not have sufficient information to estimate the potential fiscal impact the proposal may have on state or local government revenues derived from practices that would be regulated, restricted, or prohibited under the proposal. This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated

$2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated this petition appears to have no fiscal impact on their city.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri State University** indicated no financial impact to their university.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from the **Missouri Western State University** indicated no fiscal impact on their university.

Officials from the **Metropolitan Zoological Park and Museum District** indicated this measure will have no monetary impact on their district. There are no costs or savings associated with this measure.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,**

the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State governmental impact is unknown. Local governmental entities expect no costs or savings.

RECEIVED
DEC 05 2016
STATE AUDITORS OFFICE

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

December 5, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Marc Ellinger regarding a proposed constitutional amendment to Article IV, version 1 (2018-068)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Marc Ellinger on December 2, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____
Page _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot title)

RECEIVED
DEC 02 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Street) (City, Town or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
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15.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___(check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____ Signature of Affiant (Person obtaining signatures)

_____ (Printed Name of Affiant)

_____ Address of Affiant

Subscribed and sworn to before me this _____ day of _____, A.D. 201_.

_____ Signature of Notary

_____ Address of Notary

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article IV is amended by adding one new section to be known as Section 40(c), to read as follows:

40(c). 1. The provisions of Section 40(c) shall be known as the Fair Chase Amendment. It shall be the public policy of this state to protect the health of Missouri's livestock and wildlife by changing the requirements related to captive big game species. Confined big game killing does not provide any food, energy, health benefits or security to Missouri and presents significant threats to the safety, health and welfare of wildlife across Missouri. Confined big game killing, breeding big game species, or raising big game species shall not be construed as farming or ranching for any purpose under this Constitution or any law.

2. No person shall engage in confined big game killing, except: any person with a valid permit in effect on November 6, 2018. Such person may renew such permit up to and through November 7, 2021, at which time all such permits shall expire. At the expiration of any such permit, big game species must be located where they may be confined legally under state and federal laws and regulations in effect at that time.

3. In addition to the authority vested in it by Section 40(a) of Article IV, the Missouri Conservation Commission shall have primary authority over the regulation of privately-owned big game species, but excluding bison not raised, bred or held for confined big game killing.

4. Captive privately-owned big game species shall not be imported into the state of Missouri unless such big game species are being transported to and will be under the supervision of publicly owned zoos or wildlife or research organizations, American Zoo and Aquariums Association accredited not-for-profit facilities, or an authorized representative of a university, college, school, incorporated city, state or federal agency for scientific research.

5. Definitions.

a. "Big game species" shall not include any livestock as defined in this Amendment and shall include all of the following animals, either as live specimens or embryos, ova, semen and genetic material intended for commercial breeding operations: (a) all cervids including but not limited to white-tailed deer, elk, mule deer, red deer, fallow deer, sika deer and moose; (b) mountain goats, bighorn sheep, Dall's sheep, pronghorn, peccary, and javelina; and (c) any ungulate (hooved animal) confined or bred primarily for confined killing.

b. "Confined big game killing" shall mean an act in which a person obtains fees or other remuneration from another person for the killing or attempted killing of privately-owned big game species confined in or released from any man-made enclosure designed to prevent escape, but shall not include any act of a government employee or agent to control an animal population, to prevent or control diseases, or when government action is otherwise required or authorized by law.

c. "Livestock" as used in this Amendment, shall mean cattle, fully domesticated swine, fully domesticated sheep, fully domesticated goats, fully domesticated bison, fully domesticated ratite birds, fully domesticated rabbits, and fully domesticated horses, donkeys, mules, alpacas and llamas, where such fully domesticated animals are raised for human use or consumption and not for hunting or trapping as regulated by the Missouri Conservation Commission. Livestock shall also include semen or ova of any designated animal in this definition.

6. The Missouri Conservation Commission may make such rules and regulations as may be deemed necessary for the enforcement of this Amendment.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-068)

Subject

Initiative petition from Marc Ellinger regarding a proposed constitutional amendment to Article IV. (Received December 5, 2016)

Date

December 22, 2016

Description

This proposal would amend Article IV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University** and **Metropolitan Zoological Park and Museum District**.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential cost arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated the cost of this proposal is unknown but potentially significant to the Missouri Department of Agriculture (MDA). The proposal takes away a portion of MDA's statutory authority over animal movement and animal health. MDA loses its current authority over privately owned species under this proposal. It may prevent MDA from meeting US Department of Agriculture criteria for an approved Chronic Wasting Disease program, which would eliminate FTE from the Division of Animal Health and have a negative economic impact on the Missouri economy.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated they do not feel that this initiative petition pertains to their department. Therefore, they will not be responding.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated this initiative petition does not pertain to their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal. Any cost savings in the form of staff time that would not have to be spent permitting and inspecting big game hunting preserves would be minimal, and staff would be reallocated to address other department needs.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated the proposed amendment would authorize the Missouri Conservation Commission to regulate confined, privately owned big game species. It would also restrict or prohibit certain activities relating to such species. Budget and Planning defers to the Missouri Conservation Commission for an estimate of the proposal's fiscal impact on the Commission or the Missouri Department of Conservation (MDC). Budget and Planning also defers to the Missouri Department of Agriculture (MDA) for an estimate of the proposal's potential fiscal impact on MDA. Budget and Planning does not have sufficient information to estimate the potential fiscal impact the proposal may have on state or local government revenues derived from practices that would be regulated, restricted, or prohibited under the proposal. This proposal should not impact their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated

$2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated this petition appears to have no fiscal impact on their city.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **University of Central Missouri** indicated they estimate no fiscal impact from this initiative petition.

Officials from the **Missouri State University** indicated no financial impact to their university.

Officials from the **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from the **Missouri Western State University** indicated no fiscal impact on their university.

Officials from the **Metropolitan Zoological Park and Museum District** indicated this measure will have no monetary impact on their district. There are no costs or savings associated with this measure.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,**

the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University.**

Fiscal Note Summary

State governmental impact is unknown. Local governmental entities expect no costs or savings.

RECEIVED
DEC 05 2016
STATE AUDITORS OFFICE

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

December 5, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from John Boyd regarding a proposed constitutional amendment to Article I (2018-067)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by John Boyd on December 2, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County_____
Page Number_____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021 R.S.Mo., to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:
We, the undersigned, registered voters of the state of Missouri and _____County (or City of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th dat of November, 2018, and each for himself or heself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or City of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
DEC 02 2016
MO. SECRETARY OF STATE

{Official Ballot Title}

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____
I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS	ZIP CODE	CONG DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
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9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence. I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age. I do_____ do not_____ (Check one) expect to be paid for circulating this petition. If paid, list the payer:

_____ _____
(Name of Payer) Signature of Affiant (Person Obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201_____.
Notary Public (Seal)

_____
Signature of Notary

My Commission Expires:

_____ _____
Address of Notary (Street, City, State & Zip)

Be it resolved by the people of the State of Missouri that the Constitution be amended as follows:

Under Article I, a new section is added to read as follows:

"36. Notwithstanding any other provision of law, no person, business, church, organization, or other lawful entity shall be required, either directly or indirectly, to render services, goods, or property, except for just compensation from the recipient, unless such is required through sentencing upon being duly convicted of a misdemeanor or felony. Any law, regulation, or act of this state which either alone or in combination with the law of another jurisdiction would result in the rendering of services, goods, or property without just compensation from the person receiving the services, goods, or property, except as punishment for a crime, shall be invalid."

STATE AUDITOR'S OFFICE
RECEIVED
DEC 0 1 2016

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

December 1, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Charles Jones regarding a proposed constitutional amendment to Article IV (2018-066)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Charles Jones on December 1, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or City of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
DEC 01 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____I, _____, being first duly sworn, say (print or type names of signers)

Name (signature)	Date Signed	Registered Voting Address (Number)(Street)(City, Town, Village)	Zip Code	Cong Dist.	Name (printed or typed)
1					
2					
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12					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant

Notary Seal

_____

_____

Subscribed and sworn to before me this ____day of _____, _____A.D.

Signature of Notary_____

Address of Notary_____

_____

My commission expires _____

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to [RSMo 105.1105.1, 105.1108.1, 105.1112.1, 195.0010.1, 196.0100.1, 263.0250.1, 577.0024.1, 579.0015.1, 579.0020.1, 579.0030.1, 579.0055.1, 579.0065.1, 579.0068.1, and 579.0105.1.]

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1) Cannabis shall immediately be removed from the Missouri list of controlled substances and shall no longer be listed among Missouri's drug schedules.

2) Definitions: cannabis and cannabis hemp refer to Cannabis, Marijuana, Cannabis Sativa, Cannabis Indica, Cannabis Ruderalis or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
   a. Medical cannabis refers to physician recommended use.
   b. Personal use refers to any use not recommended by physician.
   c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use planting, propagating, cultivating, growing, harvesting, manufacturing, compounding , converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into or onto the human body.
   d. Establishment refers to a cannabis cultivation facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares, manufactures, packages, transports, or sells cannabis products or accessories.
   e. Minor refers to anyone under the age 18.

3) Cannabis or its products shall not be sold to anyone under the age 18. Anyone under the age of 18 shall have access to cannabis through physician recommendation or consent from parent/legal guardian.
   a. No minor shall be criminally prosecuted for possession of cannabis or its products.

4) The following acts are not unlawful and shall not be an offense under Missouri law
   a. Possession of cannabis for personal or medical use.
   b. Cultivating cannabis for personal or medical use, to obey zoning restrictions.
   c. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri.
   d. Providing cannabis, cannabis accessories and products for sale to consumers. Any product to be sold to public must be tested for purity and weight.
   e. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (e) of this section.
   f. The possession of cannabis is not to be the sole reason for issuing a D.U.I. (driving under the influence), arrest or fines when operating a motor vehicle.

5) Patient rights: Cannabis shall be available to all patients regardless of age, without taxation when physician recommended.

6) All prisoners that have been incarcerated for nonviolent cannabis related crimes shall immediately be released and all charges for cannabis crimes expunged.
   a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related non-violent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7) No state or federal funds shall be used to enforce federal laws which are no longer illegal in the state of Missouri.
   a. Any person who willfully impedes the lawful exercise of these provisions is guilty of a class A misdemeanor.

8) Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirements, licensing fee that is discriminant, prohibitive, or in any way contrary to that which is relative to any other commercial or agriculture farmer, manufacturer, processor or distributor.

9) Pursuant to the ninth and tenth amendments to the Constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.

10) All provisions of this section are self-executing and severable and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance or resolution.

11) If any rival or conflicting initiative regulating any matter addressed by this act receives the higher affirmative vote, then all non-conflicting parts shall become operative.

12) The dictates of this Initiative shall be implemented no later than April 20th following the election that placed this initiative before the people.

18-065

STATE AUDITOR'S OFFICE

RECEIVED

DEC 0 1 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 1, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, Version 3 (2018-065)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 1, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of .November, .2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
DEC 01 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

State Of Missouri, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

….....Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D

.....

.....
Signature of Notary

….....
Address of Notary .

Notary Public (Seal) ….....

My commission expires .....

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not

necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1. Be it resolved by the people of the state of Missouri that the Constitution be amended: Marijuana shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drugs schedules. The state legislature have until the end of the following legislature session of passage to rename marijuana to cannabis in all the statutes or the statutes is null or void
2. Definition of terms, as used in this Act:

a) 1. "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis
c) "medical cannabis" refers to the medical use of cannabis.
d) "personal use" refers to the non-medical consumption of cannabis.
e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.
f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.
g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.

a) Adult Possession of cannabis for personal at 21 years or older.
b) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.
c) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.
d) Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.

4. Medical cannabis shall be available to patients who have a physician's recommendation.

(a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

(b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

(c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.

(d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

(e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.

1. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

5. Nothing in this section shall:

(a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

(b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of

vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.
(c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.

1. Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for personal use.

6. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.
7. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.

(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.
(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.

8. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment
9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.
10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.
11. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:
12. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

18-064

STATE AUDITOR'S OFFICE
RECEIVED
DEC 0 1 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 1, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, Version 2 (2018-064)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 1, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of .November, .2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
DEC 01 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

State Of Missouri, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

….....Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D
.....

.....
Signature of Notary

….....
Address of Notary .

Notary Public (Seal) ….....
My commission expires .....

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended: Marijuana shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. The state legislature have until the end of the following legislature session of passage to rename marijuana to cannabis in all the statutes or the statute is null and void.

1.The following shall be called the Johnson Amendment

2. Definition of terms, as used in this Act:

A) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.

B) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

C) "medical cannabis" refers to the medical use of cannabis.

D) "personal use" refers to the non-medical consumption of cannabis.

E) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

F) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

G) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.
Possession, production, cultivation and distribution of hemp, marijuana and cannabis.
Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.
Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
4. Medical cannabis, commonly known as marijuana, shall be available to patients who have a medical diagnosis from a doctor.
(a) All patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.
(b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.
(c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.
(d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.
Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.
(e) Primary caregiver shall not be subjected to criminal or civil charges.
5. Nothing in this section shall:
(a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.
(b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.
(c) Permit the transfer or sale of cannabis intended for medical treatment to a person engaged in personal use.
Dispensary
5. Medical dispensaries shall verify the following:

a) The patient is a Missouri resident. If the patient is a minor, the parent or legal guardian must be a Missouri resident
b) The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.
c) If, primary caregiver, the dispensary verifies the patient and the primary caregiver.

6. Dispensaries shall the Register with the the Department of Health and Human Services for:

a) licensing and regulations
b) paying fees of no more then $100.00
c) to assist with the 9 digit random alphabet registry.

7. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court. Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment.

8. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal for medical treatment in the State of Missouri under this amendment.
9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.
10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.

12. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

13. This shall become effective on December 6th 2018.
In the November general of 2020, voters shall vote to repeal the above section & replace it with the below section. A yes vote approve the repeal above section an replace with below section. If voters fail shall to vote yes, the above section remains and voters shall vote again every four years until voters vote yes.

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended: Marijuana shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. The state legislature have until the end of the following legislature session of passage to rename marijuana to cannabis in all the statutes or the statute is null and void.

1.The following shall be called the Johnson Amendment II

2.Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis
c) "medical cannabis" refers to the medical use of cannabis.
d) "personal use" refers to the non-medical consumption of cannabis.
e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.
f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.
g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture.
Adult Possession of cannabis for personal at 21 years or older.
Possession, production, cultivation and distribution of hemp, marijuana and cannabis.
Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.
Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
4. Medical cannabis shall be available to patients who have a physician's recommendation.

a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.
b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.
c) Licensed physicians shall not be penalized for, nor restricted from recommending cannabis for medical purposes to any person.
d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.
e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.

Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.
5. Nothing in this section shall:

a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.
b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.
c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.

Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for personal use.

6. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.
7. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for nonviolent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.
(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.
(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related nonviolent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.
8. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.
9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.
10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.
11. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:
12. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

18-063

STATE AUDITOR'S OFFICE
RECEIVED
DEC 01 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 1, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, Version 1 (2018-063)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on December 1, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of .November, .2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
DEC 01 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

State Of Missouri, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

….....Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D
.....

.....
Signature of Notary

….....
Address of Notary .

Notary Public (Seal) ….....
My commission expires .....

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended: Marijuana shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. The state legislature have until the end of the following legislature session of passage to rename marijuana to cannabis in all the statutes or the statute is null and void.

1.The following shall be called the Johnson Amendment

2. Definition of terms, as used in this Act:

A) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.

B) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

C) "medical cannabis" refers to the medical use of cannabis.

D) "personal use" refers to the non-medical consumption of cannabis.

E) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

F) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

G) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.
Possession, production, cultivation and distribution of hemp, marijuana and cannabis.
Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.
Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
4. Medical cannabis, commonly known as marijuana, shall be available to patients who have a medical diagnosis from a doctor.
(a) All patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.
(b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.
(c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.
(d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.
Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.
(e) Primary caregiver shall not be subjected to criminal or civil charges.
5. Nothing in this section shall:
(a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.
(b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.
(c) Permit the transfer or sale of cannabis intended for medical treatment to a person engaged in personal use.
Dispensary
5. Medical dispensaries shall verify the following:

a) The patient is a Missouri resident. If the patient is a minor, the parent or legal guardian must be a Missouri resident
b) The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.
c) If, primary caregiver, the dispensary verifies the patient and the primary caregiver.
d) The patient's 9 digit random alphabet. Dispensaries my issue an random alphabet after verifying residency.

6. The Department of Health and Human Services shall issue 9 digit random alphabet out to patients and keep records of the alphabet on a state wide registry. The registry is to verify it's a Missouri patient and it shall not be subjected to Sunshine request under rsmo chapter 610. No law enforcement agency my access the list without a warrant. Law enforcement agencies my only view a printed list but not electronically. Dispensaries shall the Register with the the Department of Health and Human Services for:

a) licensing and regulations
b) paying fees of no more then $100.00
c) to assist with the 9 digit random alphabet registry.

7. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court. Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment.

8. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal for medical treatment in the State of Missouri under this amendment.

9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.
10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.
12. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

13. This shall become effective on December 6th 2018.
In the November general of 2020, voters shall vote to repeal the above section & replace it with the below section. A yes vote approve the repeal above section an replace with below section. If voters fail shall to vote yes, the above section remains and voters shall vote again every four years until voters vote yes.

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended: Marijuana shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. The state legislature have until the end of the following legislature session of passage to rename marijuana to cannabis in all the statutes or the statute is null and void.

1.The following shall be called the Johnson Amendment II

2.Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis
c) "medical cannabis" refers to the medical use of cannabis.
d) "personal use" refers to the non-medical consumption of cannabis.
e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.
f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.
g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture.
Adult Possession of cannabis for personal at 21 years or older.
Possession, production, cultivation and distribution of hemp, marijuana and cannabis.
Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.
Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
4. Medical cannabis shall be available to patients who have a physician's recommendation.
(a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.
(b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.
(c) Licensed physicians shall not be penalized for, nor restricted from recommending cannabis for medical purposes to any person.
(d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.
(e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.
Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.
5. Nothing in this section shall:
(a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.
(b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

(c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.
Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for personal use.
6. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.
7. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for nonviolent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.
(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.
(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related nonviolent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.
8. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.
9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.
10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.
11. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:
12. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

RECEIVED
DEC 01 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 1, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Emily Waggoner regarding a proposed constitutional amendment to Article VIII (2018-062)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Emily Waggoner on November 30, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed constitutional amendment shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed

this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 30 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri

and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

Address of Notary (Street, City, State & Zip Code)

My commission expires _____.

This measure amends the Missouri Constitution by adding Section 8 to Article VIII. This amendment implicitly amends elements of Article VIII of the Missouri Constitution including, but not necessarily limited to Section 7 and amends elements of RSMo including, but not necessarily limited to, Chapter 115.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article VIII of the Constitution is revised by adopting a new section known as Article VIII, Section 8, to read as follows:

The right to vote absentee shall be guaranteed to all eligible voter, with or without an excuse, both in person and through the mail for a minimum of six weeks prior to the official election date.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-062)

Subject

Initiative petition from Emily Waggoner regarding a proposed constitutional amendment to Article VIII. (Received December 1, 2016)

Date

December 21, 2016

Description

This proposal would amend Article VIII of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners.**

,

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department. They also indicated the following:

Technical errors:

The singular "voter" is used in the amendment. It appears "voters" would be grammatically correct. The right to vote absentee shall be guaranteed to all eligible voters, with or without an excuse, both in person and through the mail for a minimum of six weeks prior to the official election date.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their agency.

Officials from **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration (OA)** indicated this proposal adds Section 8 to Article VII of the Missouri Constitution to explicitly allow absentee voting to all eligible voters with or without an excuse, both in person and through the mail for a minimum of six weeks prior to the official election date.

This proposal should not have a fiscal impact for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Based on the limited language contained in this measure, it appears that the primary legal effect is simply to eliminate the need for one of the identified excuses allowing a voter to cast an absentee ballot under 115.277 RSMo. Currently, an eligible absentee voter may cast a vote in person or via mail six weeks before the election. Under this measure they would no longer have to attest to one of the excuses listed on the ballot. If this measure goes into effect, future absentee ballots will simply be printed without those excuses listed on the envelope. There may be some unknown incidental costs associated with redesigning the envelope for future ballots, but this is unlikely to be significant.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated appears to have no impact on their city.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **Kansas City Board of Election Commissioners** indicated the fiscal impact of this initiative petition on their operations will be substantial. They would expect an increase in temporary expense as well as postage and printing, with an estimate per election increase of $20,000 per election. They currently conduct 3 to 4 election per year. This cost would double in presidential election years.

Officials from the **Platte County Election Board** indicated their local government estimates the fiscal impact of this bill for fiscal years 2017, 2018 and 2019 to be as follows:

Revenues: None

Costs:

They estimate that this proposal would initially roughly double the number of absentee voters. This would increase election costs by approximately $1,500 in a low turnout election like an April General Municipal or by as much as $13,000 for the most recent presidential election, for absentee envelopes and postage.

Additionally, their office would need more election judges and/or seasonal staff to handle the increased volume. In lower turnout elections this could be as low as $200 for two additional election judges for a day. A larger election could be closer to $3,000.

This gives a range of $1,700 to $16,000 per election.
In 2019 only the General Municipal is guaranteed, so:
2019 costs may be $1,700
2020 costs may be $44,000

Technical notes:
The proposal leaves in-tact the primary contest for local candidates and the August election date. Under this proposal with a 50% +1 requirement 3 elections through the fall and winter of even years are all but guaranteed. Currently certification of an election cannot happen until the Friday after the election and the deadline is 2 weeks after the election. The "no more than 60 day rule" when combined with current absentee rules would have final certification and absentee voting beginning on the same day. Ballots will not be ready for six weeks of absentee voting. Additionally, the timeline sets the runoff election in the week between Christmas and New Year's in most years.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Kirkwood,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, St. Louis County Board of Elections, Board of Election Commissioners City of St. Louis, Jackson County Election Board,** and **Clay County Board of Election Commissioners**.

Fiscal Note Summary

State government expects unknown incidental costs. Local governments expect increased costs of $1,700 to $40,000 per election depending on the number of absentee voters, type of election, and election authority planning decisions.

RECEIVED
DEC 01 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

December 1, 2016

The Honorable Chris Koster
Attorney General
Supreme Court Building
Jefferson City, MO 65101

RE: Petition approval request from Emily Waggoner regarding a proposed constitutional amendment to Article I (2018-061)

Dear Attorney General Koster:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Emily Waggoner on November 30, 2016.

Pursuant to Section 116.332, RSMo, we are referring the proposed petition sample sheet to your office for review. Please respond within the next ten days as required by Section 116.332.3, RSMo.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: James Layton
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed constitutional amendment shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed

this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 30 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires _____. _____

Address of Notary (Street, City, State & Zip Code)

This measure amends the Missouri Constitution by adding Section 36 to Article I. This amendment implicitly amends various statutes and subsections including but not necessarily limited to RSMo 213.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article I of the Constitution is revised by adopting a new section to be known as Article I, Section 36, to read as follows:

Discrimination in employment based on race, color, age, disability, religion, gender, sexual orientation, national origin or ancestry shall be prohibited. Bona fide occupational qualifications and entities owned and operated by religious organizations are exempted. Neither remedies nor relief for employment discrimination shall be limited by the legislature or statute. "Discrimination in employment" shall mean that an enumerated category contributed in any way to an employment decision, outcome or condition including, but not limited to, wages, benefits, promotion, opportunities, hiring, termination or working conditions. These rights cannot be waived by arbitration agreements.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-061)

Subject

Initiative petition from Emily Waggoner regarding a proposed constitutional amendment to Article I. (Received December 1, 2016)

Date

December 21, 2016

Description

This proposal would amend Article I of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri,** and **St. Louis Community College.**

Assumptions

Officials from the **Attorney General's office** indicated currently, cases that involve sexual orientation often are filed as retaliation cases. Consequently, they do not believe the proposal is likely to significantly increase the number of cases filed.

Regarding Missouri's cap on punitive damages, this provision is codified in section 510.265. In 2014, the Missouri Supreme Court in Lewellen v. Franklin, 441 SW3d 136 (Mo. 2014), said "…any change in the right to a jury determination of damages as it existed in 1820 is unconstitutional." The Court then determined that a claim for punitive damages in a fraud case (at issue in Lewellen) existed at common law, and therefore Section 510.265 was unconstitutional as it infringes on a plaintiffs right to trial by jury as protected by Article I, section 22(a).

The Missouri Human Rights Act (MHRA), however, is statutorily created, and not a common law right. As such, an argument can be made that the Lewellen holding is not applicable to MHRA claims. Assuming that is true, the wording of this proposed constitutional provision arguably voids section 510.265's application to MHRA cases, by providing that the legislature cannot limit a remedy (i.e. punitive damages). The result would, in essence, apply Lewellen to MHRA cases – meaning, the proposal could remove the cap currently on punitive damages in MHRA cases, and that could have a negative impact. It is likely that a court challenge at some point would decide this issue.

While they do not believe there would be an increase in the number of lawsuits filed, they agree that arguably the proposal could result in the Lewellen holding being applied to MHRA cases, resulting in removal of the cap on punitive damages in these cases.

They assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of the proposal.

Officials from the **Department of Transportation** indicated unknown fiscal impact.

The proposed IP sets up a new protected category to the current list of protected categories – sexual orientation. This new category could increase the number of lawsuits filed against the Missouri Highways and Transportation Commission which could have a negative fiscal impact (unknown amount).

Second, this amendment states that the legislature and statutes cannot limit remedies available. While there are no limits on compensatory damages in state claims under the Missouri Human Rights Act (MHRA), punitive damages are limited. This provision, arguably, would mean that the punitive damage limitations would no longer apply to employment discrimination claims. Also, there is some case law that limits the amount of front pay an employee can seek. Arguably, this provision would take away those limits as well. And employees could try to bring in other types of damages not normally compensable under the MHRA, and argue that this provision means that such alleged damages, like liquidated damages, etc., would now be compensable under this

amendment. This proposal could cause an increase in lawsuits (involving the department) or the value of cases (causing higher settlements or verdicts).

Officials from the **Office of Administration** indicated:

This proposal adds Section 36 to Article I of the Missouri Constitution to explicitly prohibit discrimination in employment based on race, color, age, disability, religion, gender, sexual orientation, or national origin or ancestry. These rights cannot be waived by arbitration agreements.

This proposal should not have a fiscal impact for their office.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **University of Missouri** indicated they have reviewed this proposed legislation and have determined that there is no significant financial impact related to this legislation.

The State Auditor's office did not receive a response from the **Attorney General's office,** the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities expect unknown costs due to litigation. Local governmental entities expect no costs or savings.

RECEIVED
DEC 01 2016
STATE AUDITORS OFFICE

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

December 1, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV (2018-060)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on November 30, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of .November, .2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

State Of Missouri, County Of .....

I, ... being first duly sworn, say (print or type names of signers)

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

.....Address of Affiant

Subscribed and sworn to before me this ..... day of ..... A.D
.....

.....
Signature of Notary

.....
Address of Notary .

Notary Public (Seal) .....
My commission expires .....

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended: Marijuana shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. The state legislature have until the end of the following legislature session of passage to rename marijuana to cannabis in all the statutes or the statute is null and void.

1.The following shall be called the Johnson Amendment

2. Definition of terms, as used in this Act:

A) "cannabis" and "cannabis hemp" refer to the cannabis, marijuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.

B) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

C) "medical cannabis" refers to the medical use of cannabis.

D) "personal use" refers to the non-medical consumption of cannabis.

E) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

F) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

G) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture. Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.

Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.

4. Medical cannabis, commonly known as marijuana, shall be available to patients who have a medical diagnosis from a doctor.

(a) All patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

(b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

(c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.

(d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

(e) Primary caregiver shall not be subjected to criminal or civil charges.

5. Nothing in this section shall:

(a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

(b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

(c) Permit the transfer or sale of cannabis intended for medical treatment to a person engaged in personal use.

Dispensary

5. Medical dispensaries shall verify the following:

a) The patient is a Missouri resident. If the patient is a minor, the parent or legal guardian must be a Missouri resident

b) The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.

c) If, primary caregiver, the dispensary verifies the patient and the primary caregiver.

d) The patient's 9 digit random alphabet. Dispensaries my issue an random alphabet after verifying residency.

6. The Department of Health and Human Services shall issue 9 digit random alphabet out to patients and keep records of the alphabet on a state wide registry. The registry is to verify it's a Missouri patient and it shall not be subjected to Sunshine request under rsmo chapter 610. No law enforcement agency my access the list without a warrant. Law enforcement agencies my only view a printed list but not electronically. Dispensaries shall the Register with the the Department of Health and Human Services for:

a) licensing and regulations

b) paying fees of no more then $100.00

c) to assist with the 9 digit random alphabet registry.

7. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court. Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment.

8. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal for medical treatment in the State of Missouri under this amendment.
9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.
10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.
12. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

13. This shall become effective on December 6th 2018.
In the November general of 2020, voters shall vote to repeal the above section & replace it with the below section. A yes vote approve the repeal above section an replace with below section. If voters fail shall to vote yes, the above section remains and voters shall vote again every four years until voters vote yes.

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c.195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended; Marijuana shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. The state legislature have until the end of the following legislature session of passage to rename marijuana to cannabis in all the statutes or the statute is null and void.

1.The following shall be called the Johnson Amendment II

2.Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
b) "hemp"; the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis
c) "medical cannabis" refers to the medical use of cannabis.
d) "personal use" refers to the non-medical consumption of cannabis.
e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.
f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.
g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3. The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture.
Adult Possession of cannabis for personal at 21 years or older.
Possession, production, cultivation and distribution of hemp, marijuana and cannabis.
Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.
Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
4. Medical cannabis shall be available to patients who have a physician's recommendation.
(a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.
(b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.
(c) Licensed physicians shall not be penalized for, nor restricted from recommending cannabis for medical purposes to any person.
(d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.
(e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.
Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.
5. Nothing in this section shall:
(a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.
(b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.
(c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.
Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for personal use.
6. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.

7. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for nonviolent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.
(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.
(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related nonviolent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.
8. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.
9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.
10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.
11. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri;
12. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 30, 2016

RECEIVED
NOV 30 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article VIII (2018-059)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on November 30, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of .November, .2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
NOV 30 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

State Of Missouri, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

….....Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D
.....

.....
Signature of Notary

….....
Address of Notary .

Notary Public (Seal) ….....
My commission expires .....

This amendment repeals, in part or in whole, and amends various statutes and subsections relating to political parties. Including but not necessarily limited to RSMO 115.121, 115.122, 115.307, 115.309, 115.31, 115.315, 115.319, 115.321, 115.603, 115.605, 115.607 to 115.627,

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article VIII of the Missouri Constitution by creating a new section known as section 23 of Article VIII to read as follows:

a) Candidates running for United States Senate, United States Congress, Governor, Lt. Governor, Treasurer, Attorney General, Secretary of State, State Senate and State Representative shall be listed as a non-partisan candidate and no Party affiliation shall be listed next to a candidate.

b) Unless running in a special election or a runoff, all candidates shall run in a November election without running in a primary and required to win 50% plus one of the votes cast. If no candidates win 50% plus one of the votes cast, then there shall be a runoff between the top two candidates no later than 60 days after the November election.

c) Candidates shall not be charged more than $100 nor be required to collect signatures.

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 30, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
NOV 30 2016
STATE AUDITORS OFFICE

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article I (2018-058).

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on November 30, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. ____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 30 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ _____

I, _____ being first duly sworn, say (print or type names of signers):

	NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.							
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____ _____
(Name of payer)

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____
Signature of Notary

_____
Address of Notary (Street, City, State & Zip Code)

Notary Public (Seal)

My commission expires _____ _____

Right to farm.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

35 of Article I of the Constitution of Missouri is amended by modifying section 35. The existing section 35 is set forth hereinafter with the new matter bold and deleted matter in brackets,

Definitions of terms, as used in this Act:

a) Cannabis: refers to the cannabis, marihuana, marijuana, cannabis, sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including but not limited to, derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof

b) Hemp: The fiber of this plant, extracted from the stem and used to make rope, fabrics, fiberboard, clothing, and paper. The sister plant of cannabis

That agriculture which provides food, energy, health benefits, and security is the foundation and stabilizing force of Missouri's economy. This section shall protect the right to grow cannabis and hemp. To protect this vital sector of Missouri's economy, the right of farmers and ranchers to engage in farming and ranching practices shall be forever guaranteed in this state, subject to duly authorized powers, if any, conferred by article VI of the Constitution of Missouri.

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 30, 2016

RECEIVED
NOV 30 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, Version 2 (2018-057)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on November 30, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of .November, .2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot Title]

RECEIVED
NOV 30 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

State Of Missouri, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

….....Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D

.....

.....
Signature of Notary

.....
Address of Notary .

Notary Public (Seal) .....
My commission expires .....

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended: Marijuana shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. The state legislature have until the end of the following legislature session of passage to rename marijuana to cannabis in all the statutes or the statute is null and void.

1.The following shall be called the Johnson Amendment

2. Definition of terms, as used in this Act:

A) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.

B) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

C) "medical cannabis" refers to the medical use of cannabis.

D) "personal use" refers to the non-medical consumption of cannabis.

E) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

F) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

G) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.
Possession, production, cultivation and distribution of hemp, marijuana and cannabis.
Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.
Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
4. Medical cannabis, commonly known as marijuana, shall be available to patients who have a medical diagnosis from a doctor.
(a) All patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.
(b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.
(c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.
(d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.
Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.
(e) Primary caregiver shall not be subjected to criminal or civil charges.
5. Nothing in this section shall:
(a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.
(b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.
(c) Permit the transfer or sale of cannabis intended for medical treatment to a person engaged in personal use.
Dispensary
5. Medical dispensaries shall verify the following:

a) The patient is a Missouri resident. If the patient is a minor, the parent or legal guardian must be a Missouri resident
b) The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.
c) If, primary caregiver, the dispensary verifies the patient and the primary caregiver.

6. Dispensaries shall follow the Register with the the Department of Health and Human Services for:

a) licensing and regulations

7. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court. Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment.

8. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal for medical treatment in the State of Missouri under this amendment.
9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.
10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other

commercial or agricultural farmer, manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.
12. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

13. This shall become effective on December 6th 2018.
In the November general of 2020, voters shall vote to repeal the above section & replace it with the below section. A yes vote approve the repeal above section an replace with below section. If voters fail shall to vote yes, the above section remains and voters shall vote again every four years until voters vote yes.

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended: Marijuana shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. The state legislature have until the end of the following legislature session of passage to rename marijuana to cannabis in all the statutes or the statute is null and void.

1.The following shall be called the Johnson Amendment II

2.Definition of terms, as used in this Act:

a) "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis
c) "medical cannabis" refers to the medical use of cannabis.
d) "personal use" refers to the non-medical consumption of cannabis.
e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.
f) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.
g) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture.
Adult Possession of cannabis for personal at 21 years or older.
Possession, production, cultivation and distribution of hemp, marijuana and cannabis.
Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.
Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
4. Medical cannabis shall be available to patients who have a physician's recommendation.
(a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.
(b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.
(c) Licensed physicians shall not be penalized for, nor restricted from recommending cannabis for medical purposes to any person.
(d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.
(e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.
Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.
5. Nothing in this section shall:
(a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.
(b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.
(c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.
Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for personal use.
6. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.
7. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for nonviolent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.
(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related nonviolent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.
8. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.
9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.
10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.
11. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:
12. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 30, 2016

RECEIVED
NOV 30 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, Version 1 (2018-056)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on November 30, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of .November, .2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
NOV 30 2016
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

State Of Missouri, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

….....Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D

.....

.....
Signature of Notary

.....
Address of Notary .

Notary Public (Seal) .....
My commission expires .....

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

The following shall be called the Johnson Amendment

a) Be it resolved by the people of the state of Missouri that the Constitution be amended: Marijuana shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. The state legislature have until the end of the following legislature session of passage to rename marijuana to cannabis in all the statutes or the statute is null and void.

b) Definition of terms, as used in this Act:

c) 1. "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.

d) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

e) "medical cannabis" refers to the medical use of cannabis.

f) "personal use" refers to the non-medical consumption of cannabis.

g) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

h) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

i) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.
Possession, production, cultivation and distribution of hemp, marijuana and cannabis.
Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.
Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
4. Medical cannabis, commonly known as marijuana, shall be available to patients who have a medical diagnosis from a doctor.
(a) All patients engaged in cannabis treatment shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.
(b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of 18 with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.
(c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.
(d) Opinions pertaining to, and willingness to recommend medical cannabis treatment shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.
Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.
(e) Primary caregiver shall not be subjected to criminal or civil charges.
5. Nothing in this section shall:
(a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.
(b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.
(c) Permit the transfer or sale of cannabis intended for medical treatment to a person engaged in personal use.
Dispensary
5. Medical dispensaries shall verify the following:
The patient is a Missouri resident. If the patient is a minor, the parent or legal guardian must be a Missouri resident
The patient has a notarized letter from medical professional recommendation cannabis for medical treatment.
If, primary caregiver, the dispensary verifies the patient and the primary caregiver.
Dispensaries shall follow the Register with the the Department.
licensing
state for regulations and transparency
On record as care taker.
Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for personal use.
6. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.

7. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal for medical treatment in the State of Missouri under this Act and been convicted prior to this Act shall be immediately released and their civil and criminal records shall be expunge by the Court. Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment.

8. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal for medical treatment in the State of Missouri under this amendment.
9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.
10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor. Patients are are allowed to grow cannabis for medical treatment for self. Primary caregiver are allowed to grow for their patients.
12. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

In the November general of 2020, voters shall vote to repeal the above section & replace it with the below section. A yes vote approve the repeal above section an replace with below section. If voters fail shall to vote yes, the above section remains and voters shall vote again every four years until voters vote yes.

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.
Be it resolved by the people of the state of Missouri that the Constitution be amended: Marijuana shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drug schedules. The state legislature have until the end of the following legislature session of passage to rename marijuana to cannabis in all the statutes or the statute is null and void.
Definition of terms, as used in this Act:
1. "cannabis" and “cannabis hemp” refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
“hemp”: the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis
"medical cannabis" refers to the medical use of cannabis.
“personal use” refers to the non-medical consumption of cannabis.
“Expungeable marijuana offense” are any convictions committed prior to this amendment.
“home grow amounts” a total of 60 square feet or less of cultivation of cannabis or hemp or a combination of both for personal and/or medical use.
“cannabis accessories” means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.
“establishment” refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.
3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizure or forfeiture.
Adult Possession of cannabis for personal at 21 years or older.
Possession, production, cultivation and distribution of hemp, marijuana and cannabis.
Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.
Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.
4. Medical cannabis shall be available to patients who have a physician's recommendation.
(a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.
(b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.
(c) Licensed physicians shall not be penalized for, nor restricted from recommending cannabis for medical purposes to any person.
(d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.
(e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.
Medical care, including organ transplants, shall not be restricted in any way based on a person’s use of cannabis.
5. Nothing in this section shall:
(a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.
(b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.
(c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.
Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for personal use.
6. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.
7. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for nonviolent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.

(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.
(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related nonviolent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.
8. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment.
9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.
10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.
11. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:
12. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 30, 2016

RECEIVED
NOV 30 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV (2018-055)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on November 29, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County .....
Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of .November, .2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
NOV 29 2016
MO. SECRETARY OF STATE

[Official Ballot Title]

CIRCULATOR'S AFFIDAVIT

State Of Missouri, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

1						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

.....
Signature of Affiant (Person obtaining signatures)

.....
(Printed Name of Affiant)

….....Address of Affiant

Subscribed and sworn to before me this ..... day of ....., A.D

.....

.....
Signature of Notary

.....
Address of Notary .

Notary Public (Seal) .....
My commission expires .....

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1. Be it resolved by the people of the state of Missouri that the Constitution be amended: Marijuana shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drugs schedules. The state legislature have until the end of the following legislature session of passage to rename marijuana to cannabis in all the statutes or the statutes is null or void
2. Definition of terms, as used in this Act:

a) 1. "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
b) "hemp": the fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis
c) "medical cannabis" refers to the medical use of cannabis.
d) "personal use" refers to the non-medical consumption of cannabis.
e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.
f) "home grow amounts" a total of 60 square feet or less of cultivation of cannabis or hemp or a combination of both for personal and/or medical use.
g) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.
h) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.

a) Adult Possession of cannabis for personal at 21 years or older.
b) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.
c) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.
d) Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.

4. Medical cannabis shall be available to patients who have a physician's recommendation.

(a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.
(b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.
(c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.
(d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.
(e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.

1. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

5. Nothing in this section shall:

(a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.
(b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.
(c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.

1. Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for personal use.

6. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.
7. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.

(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.
(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.

8. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment
9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.
10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.
11. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:
12. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory,

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 29, 2016

STATE AUDITOR'S OFFICE
RECEIVED
NOV 29 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sheila Dundon regarding a proposed constitutional amendment to Article XVI, version 4 (2018-054)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sheila Dundon on November 28, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2016 NOV 28 PM 2:44
SEC. OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF_____

I, _____ being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.	/ /					
2.	/ /					
3.	/ /					
4.	/ /					
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8.	/ /					
9.	/ /					
10.	/ /					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____
(Name of payer)

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____
Signature of Notary

_____
Address of Notary (Street, City, State & Zip Code)

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XVI is created by enacting one new section to be known as Section 1 of Article XVI, to read as follows:

Section 1. Right to Access Medical Marijuana

1. **Purposes**

This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician.

This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for nonmedical purposes. The section does not allow for the public use of marijuana and driving under the influence of marijuana.

2. **Definitions**

(1) "Administer" means the direct application of marijuana to a Qualifying Patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a Qualifying Patient's physician.

(2) "Department" means the Department of Health and Senior Services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) "Marijuana" or "Marihuana" means ***Cannabis indica***, ***Cannabis sativa***, and ***Cannabis ruderalis***, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" or "Marihuana" do not include industrial hemp containing a crop-wide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) "Marijuana-Infused Products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(7) "Medical Marijuana Cultivation Facility" means a facility licensed by the Department, to acquire, cultivate, process, store, transport, and sell marijuana to a Medical

Marijuana Dispensary Facility, Medical Marijuana Testing Facility, or to a Medical Marijuana-Infused Products Manufacturing Facility.

(8) "Medical Marijuana Dispensary Facility" means a facility licensed by the Department, to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section to a Qualifying Patient, a Primary caregiver, another Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or a Medical Marijuana-Infused Products Manufacturing Facility.

(9) "Medical Marijuana-Infused Products Manufacturing Facility" means a facility licensed by the Department, to acquire, store, manufacture, transport, and sell marijuana-infused products to a Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or to another Medical Marijuana-Infused Products Manufacturing Facility.

(10) "Medical Marijuana Testing Facility" means a facility certified by the Department, to acquire, test, certify, and transport marijuana.

(11) "Medical use" means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a Qualifying Patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(12) "Physician" means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(13) "Physician certification" means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that, in the physician's professional opinion, the patient suffers from a qualifying medical condition.

(14) "Primary caregiver" means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a Qualifying Patient and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the Department.

(15) "Qualifying medical condition" means the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, post-traumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(16) "Qualifying Patient" means a Missouri resident diagnosed with at least one qualifying medical condition.

3. **Creating Patient Access to Medical Marijuana**

(1) In carrying out the implementation of this section, the Department shall have the authority to:

(a) Grant or refuse state licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses and certifications upon a violation of this section or a rule promulgated pursuant to this section; and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section.

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical use and for the enforcement of this section so long as patient access is not restricted unreasonably and such rules are reasonably necessary for patient safety or to restrict access to only licensees and Qualifying Patients.

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a Qualifying Patient or Primary Caregiver to ensure that no medical marijuana grown by a Medical Marijuana Cultivation Facility or manufactured by a Medical Marijuana-Infused Products Manufacturing Facility is sold or otherwise transferred except by a Medical Marijuana Dispensary Facility. The Department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees.

(e) Issue standards for the secure transportation of Marijuana and Marijuana-Infused Products. The Department shall certify entities which demonstrate compliance with its transportation standards to transport Marijuana and Marijuana-Infused Products to a Medical Marijuana Cultivation Facility, a Medical Marijuana-Infused Products Manufacturing Facility, a Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or another entity with a transportation certification. The Department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport cannabis.

(f) The Department may charge a fee not to exceed $5,000 for any certification issued pursuant to this section.

(g) Prepare and transmit annually a publicly available report accounting to the Governor for the efficient discharge of all responsibilities assigned to the Department under this section;

(h) Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following: (i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers; (ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, plans to ensure safety and security of Qualifying Patients and the community, procedures to be used to prevent diversion, and any plan for making Marijuana available to low-income Qualifying Patients; (iii) site security; (iv) experience in a legal cannabis market; (v) in the case of Medical Marijuana Testing Facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience; (vi) the potential for positive economic impact in the site community; (vii) in the case of Medical Marijuana Cultivation Facilities, capacity or experience with agriculture, horticulture, and health care; (viii) in the case of Medical Marijuana Dispensary Facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients; (ix) in the case of Medical Marijuana-Infused Products Manufacturing Facilities, capacity or experience with food and beverage manufacturing; and (x) maintaining competitiveness in the marijuana for medical use marketplace. In ranking applicants and awarding licenses and certificates, the Department may consult or contract with other public agencies with relevant expertise regarding these factors. The Department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by Qualifying Patients.

(2) The Department shall issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana for medical use by Qualifying Patients. In developing such rules or emergency rules, the Department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the Department may issue rules or emergency rules relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license or certification issued pursuant to this section;

(b) Specifications of duties of officers and employees of the Department;

(c) Instructions or guidance for local authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the Department;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises provided that the rules may not prevent or unreasonably restrict appropriate signs on the property of the Medical Marijuana Dispensary Facility, product display and examination by the Qualifying Patient and/or Primary caregiver, listings in business directories including phone books, listings in marijuana-related or medical publications, or the sponsorship of health or not for profit charity or advocacy events;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed or certified pursuant to this section, including a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the Department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days. Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530;

(i) Security requirements for any premises licensed or certified pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the Department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical Marijuana-Infused Products;

(l) The specification of acceptable forms of picture identification that a Medical Marijuana Dispensary Facility may accept when verifying a sale;

(m) Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(p) The reporting and transmittal of tax payments;

(q) Authorization for the Department of Revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(3) The Department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and requiring licensees to test medical marijuana using one or more impartial, independent laboratories to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health, to ensure correct labeling and measure potency. The Department shall not require any medical marijuana or medical marijuana-infused products to be tested more than once prior to sale.

(4) The Department shall issue rules or emergency rules to provide for the certification of and standards for Medical Marijuana Testing Facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The Department shall certify, if possible, at least two entities as Medical Marijuana Testing Facilities. No Medical Marijuana Testing Facility shall be owned by an entity under substantially common control, ownership, or management as

a Medical Marijuana Cultivation Facility, Medical Marijuana-Infused Product Manufacturing Facility, or Medical Marijuana Dispensary Facility.

(5) The Department shall maintain the confidentiality of reports or other information obtained from an applicant or licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients may be used only for a purpose authorized by federal law and this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card.

(6) Within one hundred eighty days of the effective date of this section, the Department shall make available to the public license application forms and application instructions for Medical Marijuana Cultivation Facilities, Medical Marijuana Testing Facilities, Medical Marijuana Dispensary Facilities, and Medical Marijuana-Infused Products Manufacturing Facilities.

(7) Within one hundred eighty days of the effective date of this section, the Department shall make available to the public application forms and application instructions for Qualifying Patient, Qualifying Patient cultivation, and Primary caregiver identification cards. Within two hundred ten days of the effective date of this section, the Department shall begin accepting applications for such identification cards.

(8) An entity may apply to the Department for and obtain one or more licenses to grow marijuana as a Medical Marijuana Cultivation Facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the Department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the Department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the Department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three Medical Marijuana Cultivation Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(9) An entity may apply to the Department for and obtain one or more licenses to operate a Medical Marijuana Dispensary Facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five Medical Marijuana Dispensary Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(10) An entity may apply to the Department for and obtain one or more licenses to operate a Medical Marijuana-Infused Products Manufacturing Facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three Medical Marijuana-Infused Products Manufacturing Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(11) Any applicant for a license authorized by this section may pre-file their application fee with the Department beginning 30 days after the effective date of this section.

(12) Except for good cause, a Qualifying Patient or his or her Primary caregiver may obtain an identification card from the Department to cultivate up to six flowering marijuana plants for the exclusive use of that Qualifying Patient. The card shall be valid for twelve months from its date of issuance and shall be renewable with the annual submittal of a new or updated physician's certification. The Department shall charge an annual fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(13) The Department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single Qualifying Patient in a thirty day period, provided that limit is not less than four ounces of dried, unprocessed marijuana, or its equivalent. Any such limit shall not apply to a Qualifying Patient with written certification from two independent physicians that there are compelling reasons why the Qualifying Patient needs a greater amount than the limit established by the Department.

(14) The Department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a sixty day supply of dried, unprocessed marijuana, or its equivalent. A Primary caregiver may possess a separate legal limit for each Qualifying Patient under their care and a separate legal limit for themselves if they are a Qualifying Patient. Qualifying Patients cultivating marijuana for medical use may possess up to a ninety day supply, so long as the supply remains on property under their control. Any such limit shall not apply to a Qualifying Patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor to Department sanctions, including an administrative penalty and loss of their patient identification card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by imprisonment of up to one year and a fine of up to two thousand dollars.

(15) The Department may restrict the aggregate number of licenses granted for Medical Marijuana Cultivation Facilities, provided, however, that the number may not be limited to fewer than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(16) The Department may restrict the aggregate number of licenses granted for Marijuana-Infused Products Manufacturing Facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most

recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(17) The Department may restrict the aggregate number of licenses granted for Medical Marijuana Dispensary Facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States Congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on the effective date of this section. Future changes to the boundaries of or the number of congressional districts shall have no impact.

(18) The Department shall begin accepting license and certification applications for Medical Marijuana Dispensary Facilities, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred forty days after the effective date of this section. Applications for licenses and certifications under this section shall be approved or denied by the Department no later than one hundred fifty days after their submission. If the Department fails to carry out its non-discretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the Department to approve or deny the application.

(19) Qualifying Patients under this section shall obtain and annually renew an identification card or cards from the Department. The Department shall charge a fee of twenty-five dollars per year per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Upon receiving an application for a Qualifying Patient identification card or Qualifying Patient cultivation identification card, the Department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the Department fails to deny and fails to issue a card to an eligible Qualifying Patient within thirty days, then their physician certification shall serve as their Qualifying Patient identification card or Qualifying Patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a Qualifying Patient identification card or Qualifying Patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(20) Primary caregivers under this section shall obtain and annually renew an identification card from the Department. The Department shall charge a fee of twenty-five dollars per year, with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. Upon receiving an application for a Primary caregiver identification card, the Department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(21) All marijuana for medical use sold in Missouri shall be cultivated in a licensed Medical Marijuana Cultivation Facility located in Missouri.

(22) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a Medical Marijuana-Infused Products Manufacturing Facility.

(23) The denial of a license, license renewal, or identification card by the Department shall be appealable to the Administrative Hearing Commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the Department shall be subject to judicial review as provided by law.

(24) No elected official shall interfere directly or indirectly with the Department's obligations and activities under this section.

(25) The Department shall not have the authority to apply or enforce any rule or regulation that would impose an undue burden on any one or more licensees or

certificate holders, any Qualifying Patients, or act to undermine the purposes of this section.

4. **Taxation and Reporting**

(1) A tax is levied upon the retail sale of marijuana for medical use sold at Medical Marijuana Dispensary Facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed Medical Marijuana Dispensary Facility and paid to the Department of Revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the Department of Revenue into the Missouri Veterans' Health and Care Fund. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund," which shall consist of taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The Commissioner of Administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the Department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the Department, an amount necessary for the Department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, the remainder of such funds shall be transferred to the Missouri Veterans Commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri Veterans Homes, the Missouri Service Officer's Program, and other services for veterans approved by the Commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri Veterans Commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All monies from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies, by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the Department and the Department of Revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from, and in addition to, any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

(6) The fees and taxes provided for in this Article XVI, Section 1 shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

(7) The unexpended balance existing in the fund shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.

5. **Additional Patient, Physician, Caregiver and Provider Protections**

(1) Except as provided in this section, the possession of marijuana in quantities less than the limits of this section, or established by the Department, and transportation of marijuana from a Medical Marijuana Dispensary Facility to the Qualifying Patient's residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand to the appropriate authority a valid Qualifying Patient identification card; a valid Qualifying Patient cultivation identification card; a valid physician certification while making application for an identification card; or a valid Primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a Qualifying Patient identification card or use marijuana for medical use.

(3) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri State Board of Registration for the Healing Arts, or its successor agency, for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or providing health care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A Medical Marijuana Testing Facility shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by non-emancipated Qualifying Patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A Primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use to a qualifying patient or participating in the patient cultivation of up to six flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct.

(8) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to prospective or licensed Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana Dispensary Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, Qualifying Patients, Primary caregivers, physicians, health care providers or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(9) Actions and conduct by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities licensed or registered with the Department, or their employees or agents, as permitted by this section and in compliance with Department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.

6. **Legislation**

Nothing in this section shall limit the General Assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of Qualifying Patients to access marijuana for medical use as granted by this section.

7. **Additional Provisions**

(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

(b) Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; or

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana; or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the influence of marijuana while at work or disciplining the employee or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana.

(2) No Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility, or entity with a transportation certification shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the Department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The Department may consult with and rely on the records, advice and recommendations of the Attorney General and the Department of Public Safety, or their successor entities, in applying this subdivision.

(3) All Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, and Medical Marijuana-Infused Products Manufacturing Facility licenses, entities with Medical Marijuana Testing Facility certifications, and entities with transportation certifications shall be held by entities that are majority owned by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, entities outside the state of Missouri may own a minority stake in such entities.

(4) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional Department sanction, up to and including loss of license.

(5) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, in a font size at least as large as the largest other font size used on the package, as containing "Marijuana," or a "Marijuana-Infused Product." Violation of this prohibition shall subject the violator to Department sanctions, including an administrative penalty.

(6) No individual shall serve as the Primary caregiver for more than three Qualifying Patients.

(7) No Qualifying Patient shall consume marijuana for medical use in a public place, unless provided by law. Violation of this prohibition shall subject the violator to sanctions as provided by general law.

(8) No person shall extract resins from marijuana using dangerous materials or combustible gases without a Medical Marijuana-Infused Products Manufacturing Facility license. Violation of this prohibition shall subject the violator to Department sanctions, including an administrative penalty and, if applicable, loss of their identification card, certificate, or license for up to one year.

(9) All Qualifying Patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the Qualifying Patient or by such patient's Primary caregiver. Two Qualifying Patients, who both hold valid Qualifying Patient cultivation identification cards, may share one enclosed, locked facility. No more than twelve Qualifying Patient or Primary caregiver cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a Primary caregiver also holds a Qualifying Patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.

(10) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, Medical Marijuana-Infused Products Manufacturing Facility, Medical Marijuana Testing Facility, or entity with a transportation certification shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the Department, not to be unreasonably withheld.

(11) Unless allowed by the local government, no new Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. No local government shall prohibit Medical Marijuana

Cultivation Facilities, Medical Marijuana Testing Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana-Infused Products Manufacturing Facility, Medical Marijuana Dispensary Facility, or entity holding a transportation certification that may operate in such locality.

(12) Unless superseded by federal law or an amendment to this Constitution, a physician shall not certify a qualifying condition for a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic, or in another commonly used format. A Qualifying Patient must obtain a new physician certification at least annually.

(13) A physician shall not issue a certification for the medical use of marijuana for a non-emancipated Qualifying Patient under the age of eighteen without the written consent of the Qualifying Patient's parent or legal guardian. The Department shall not issue a Qualifying Patient identification card on behalf of a non-emancipated Qualifying Patient under the age of eighteen without the written consent of the Qualifying Patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a Primary caregiver for a non-emancipated Qualifying Patient under the age of eighteen. Only the Qualifying Patient's parent or guardian shall purchase or possess medical marijuana for a non-emancipated Qualifying Patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a non-emancipated Qualifying Patient under the age of eighteen

(14) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for Qualifying Patient use.

(15) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

8. **Severability**

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

9. **Effective Date**

The provisions of this section shall become effective on December 6, 2018.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-054)

Subject

Initiative petition from Sheila Dundon regarding a proposed constitutional amendment to Article XVI of the Constitution of Missouri. (Received November 29, 2016)

Date

December 19, 2016

Description

This proposal would amend Article XVI of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Lieutenant Governor's Office**.

Joy Sweeney, Executive Director, Council for Drug Free Youth provided information for this initiative petition to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated this proposal authorizes the Department of Health and Senior Services to issue new licenses for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use. It requires their department to promulgate rules necessary for the implementation and enforcement of the proposal, develop forms and issue standards in addition to licensure and certification of facilities. The proposal requires a minimum of 60 licenses for cultivation facilities (one per every 100,000 inhabitants), a minimum of 85 licenses for manufacturing facilities (one per 70,000 in inhabitants), and a minimum of 192 medical marijuana dispensary facilities (24 per each Congressional district). Licensure and certification is subject to AHC appeal and judicial review. AGO assumes it would need 2 AAG Is to provide legal representation regarding issuance, denial, and discipline of licenses and promulgation of and challenges to administrative rules. If adopted this proposal would increase AGO operating expenses of $139,474 for FY2018; $150,610 for FY2019; and $152,155 for FY2020.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated the costs will be $0 for fiscal year 2018, $3,062,147 for fiscal year 2019, and $7,035,064 for fiscal year 2020. The revenues will be $0 for fiscal year 2018, $1,134,000 for fiscal year 2019, and $12,124,800 for fiscal year 2020.

This proposal is not an entire duplication, however; Section 192.945, RSMo allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for persons who are issued a registration card due to a debilitating medical condition. Under this proposal, patients with intractable epilepsy could also qualify to receive a registration card for medical marijuana use.

Rental space for 97 FTE located in Jefferson City: 97.00 FTE x 230 sq ft/FTE x $21.00/sq. ft. = $468,510.

The proposed language would legalize the use of marijuana for medicinal purposes. There could be an unknown impact on small businesses that serve as cultivators, manufacturers, dispensary facilities, testing and/or transportation centers.

Fiscal Note	18-006		ITSD - DHSS		
Bill Number	Initiative Petition				
Will a new system be required?		X	Yes		No
Indicate fiscal year when fully implemented			FY	2020	

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2018	FY 2019	FY 2020
General Revenue	-	-	-
Other	-	309,634.50	309,653.50
Federal Funds	-	-	-
Total	-	309,634.50	309,653.50

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 0

New	Rate	Hours	FY 2018 $	FY 2019 $	FY 2020 $
IT Consultants	75	8,237.16	-	308,893.50	308,893.50
Other Costs:					
Disk Storage (SAN)	45.36	12	-	558.00	572.00
Backup and Recovery (DistSys Backup-Recovery)	0.49	365	-	183.00	188.00
Section Total Other Costs:			-	741.00	760.00
Section Total Expenditures:			-	309,634.50	309,653.50

Section Funding:				
General Revenue	-	309,634.50	309,653.50
Federal	-	-	-
Other	-	-	-
Total	-	309,634.50	309,653.50

The proposed constitutional amendment requires their department to issue annual registrations for patients and their designated caregivers, patient and caregiver cultivators, medical marijuana cultivation facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities. In addition, the amendment

requires their department to certify seed-to-sale tracking systems, transportation entities, and testing facilities.

The proposal allows for the following registration/license fees to be collected:

	Initial Application and Annual Renewal
Qualifying Patient ID Card	$25.00
Primary Caregiver ID Card	$25.00
Patient or Caregiver Cultivation ID Card	$100.00

	Within 3 years of Effective Date of Proposal (December 6, 2018 – December 6, 2021)		After 3 years of Effective Date (after December 6, 2021)	
	Initial Application or Renewal Application Non-Refundable License Fee (3 yr. license)	Annual Licensing Fee	Initial Application or Renewal Application Non-Refundable License Fee (3 yr. license)	Annual Licensing Fee
Medical Marijuana Cultivation Facility	$10,000	$25,000	$5,000	$25,000
Medical Marijuana Dispensary Facility	$6,000	$10,000	$3,000	$10,000
Medical Marijuana-Infused Products Manufacturing	$6,000	$10,000	$3,000	$10,000

	Certification Fee
Seed-to-Sale Tracking System	Up to $5,000
Medical Marijuana Testing Facility	Up to $5,000

The provisions of this section shall become effective on December 6, 2018. According to the proposed provisions of this section, they shall make available to the public all license application forms (cultivation, dispensary, manufacturing and testing facilities) and the application forms for qualifying patients, caregivers, and qualifying patient cultivation identification cards within 180 days of the effective date of the section (June 6, 2019). They shall accept all applications for patients, caregivers and cultivators no later than 210 days following the effective date of this section (July 6, 2019). They shall accept applications for dispensary facilities, testing facilities, cultivation facilities, manufacturing facilities, seed-to-sale tracking systems, and transportation entities no later than 240 days after the effective date of this section (August 6, 2019). The provisions of this section also allow any applicant for a license to pre-file their application fee with them beginning 30 days after the effective date of this section (January 6, 2019). For purposes of this fiscal note, it is assumed that the first fees for license applications (pre-file) would be accepted January 6, 2019 (FY 2019). The first fees for patient, caregivers, and cultivators are assumed to be collected beginning July 1, 2019 (FY 2020). The first certification fees (seed-to-sale, testing, and transportation) are assumed to be collected beginning July 1, 2019 (FY 2020) as well.

The estimations for the number of each type of registration, license and certification issued each year are detailed under the headings Division of Community and Public Health (DCPH) and Applications for Patient and Caregiver Identification below.. The total estimate of collected fees equals $1,134,000 for FY 2019 and $12,124,800 for FY 2020.

Section 1.3(2)(e) allows them to issue rules creating a range of administrative penalties related to implementation and enforcement of rules that ensure the right to, availability, and safe use of marijuana for medical use. These administrative penalties could include penalty fees but the fee amounts and frequency of penalties issued is unknown at this time.

Section 1.4(1) of the proposed amendment mandates each licensed Medical Marijuana Dispensary facility to collect a four percent tax on the retail sale of all medical marijuana products sold to be collected by the Department of Revenue (DOR). The amount of tax that will be collected is unknown and is referred to the DOR for these estimations.

The DOR may retain up to five percent of the annual taxes collected. The rest of the tax collected is to be deposited by the DOR into the Missouri Veterans' Health and Care Fund. This fund shall consist of all fees and taxes collected by this proposed section.

Division of Community and Public Health (DCPH)

Section 1.3(1) authorizes them to grant or refuse licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by the provisions of Section 1. This section also authorizes them to suspend, fine, restrict, or revoke such licenses and certifications upon any violation of this section or a rule promulgated by them pursuant to this section. They

shall develop such rules, forms, licenses, identification cards, and applications as necessary to implement provisions of this section. They are also required to certify at least two commercially available software products that licensees must use for seed-to-sale tracking standards and issue standards for the certification of secure transportation of marijuana an marijuana-infused products. They are to prepare annually a publicly available report accounting to the Governor for the efficient discharge of all responsibilities assigned to them by this section. They must also establish a system to numerically score applicants for licenses and certificates when the number of applicants are more than the minimum required.

Section 1.3(2) permits them to issue any rules necessary to ensure the right to, availability and safe use of marijuana for medical use by qualifying patients. This includes addressing: requirements for inspections, investigations, searches, seizures, and such additional enforcement activities that may become necessary; the creation of a range of administrative penalties; development of individual identification cards for owner, officers, managers, contractors, employees, and other support staff of entities licensed pursuant to this section; security requirements for any premises licensed; regulation of the storage and transportation of marijuana for medical use; sanitary requirements for the preparation of medical marijuana-infused products; labeling and packaging standards; and records to be kept by the licensees, state licensing procedures for initial licenses, renewals and reinstatements.

Section 1.3(3) requires them to issue rules regarding independent testing and certification for medical marijuana licensees to ensure products that are sold for human consumption are correctly labeled and do not contain contaminants that are injurious to health.

Section 1.3(4) requires them to issue rules to provide for the standards and certification of Medical Marijuana Testing Facilities. They shall certify, if possible, at least two Medical Marijuana Testing Facility entities.

Section 1.3(6) requires them to make available to the public license application forms and (for all types of licensees including testing facilities) and instructions within 180 days of the effective date of this section.

Section 1.3(7) requires them to make available to the public application forms and accompanying instructions for qualifying patients, qualifying patient or caregiver cultivation, and primary caregiver identification cards within 180 days of the effective date of this section. They are also required to accept these applications within 210 days of the effective date of this section.

Section 1.3(18) requires them to begin accepting license and certification application forms and instructions (for dispensary facilities, testing facilities, cultivation facilities, manufacturing facilities, seed-to-sale tracking systems, and transportation entities) no later than 240 days from the effective date and shall either approve or deny within 150 days after submission.

Section 1.3(19) requires them to process a qualifying patient identification card within 30 days of receipt of the application.

Section 1.3(20) requires them to process a primary caregiver identification card within 30 days of receipt of the application.

Information Technology Services Division (ITSD)

Support of an IT vendor to build a data system to support the administration and reporting requirements indicated in Section 1 of Article XVI (Right to Access Medical Marijuana). The system would be used by the department to process applications to include issuance of licenses and identification cards.

Division of Administration

Specific program impact for their department is in the Division of Community and Public Health (DCPH). Each application and license transaction will have an associated fee transaction, which impacts the Division of Administration (DA).

One full-time attorney would be required to assist in drafting emergency and proposed regulations and forms; perform legal research and provide day-to-day legal counsel to the program; and, represent their department in appeals of licensure and identification card denials.

The proposed amendment requires them to adjust (increase or decrease) registration and license fees according to the Consumer Price Index as published by the U.S. Department of Labor. The change in fees collected (increase or decrease) due to this provision is unable to be determined at this time.

Also, the initial application and renewal licensing fees for a cultivation facility, manufacturing facility, and dispensing facility decrease in half after three years from the effective date of this proposal.

Division of Community and Public Health (DCPH)

Applications for Patient and Caregiver Identification

Section 1 requires them to issue registration cards for qualified patients and their caregivers. A study by the nonprofit entity ProCon organization, updated March 2016, published the rates of patient registration cards issued for each state with a medical marijuana program (http://medicalmarijuana.procon.org/view.resource.php?resourceID=005889). This study found that Oregon was issuing qualified patient cards at a ratio of 19.2 per 1,000 state residents. For purposes of this fiscal note, the State of Oregon's program will be benchmarked in regard to the number of patient and primary caregiver registrants. While the Oregon program was initiated in May 1999 and therefore has an established program,

the state of Missouri's chronic disease rates are generally higher and the qualifying medical conditions accepted under Missouri's proposal are broader than those of Oregon.

Calculation of applications:

- Patients: According to the 2015 U.S. Census Bureau information, Missouri's population is at 6,083,672. Applying the rate of 19.2 applications per 1,000 residents, Missouri would estimate issuing 116,807 patient registration cards annually ((6,083,672/1,000) x 19.2)).
- Caregivers: According to the October 1, 2016 data on Oregon's Medical Marijuana Program Website, the ratio of patient registration cards to caregiver cards is calculated at 2.29. Calculating this same ratio, Missouri would estimate issuing 51,007 caregiver cards annually (116,807/2.29).

The proposed effective date of the medical marijuana program is December 6, 2018. They are required to have the applications for the qualifying patient and caregiver identification cards available within 180 days of the effective date (June 6, 2019). Section 1.3(6) requires them to begin accepting applications for the qualifying patient and caregiver cards no later than 210 days from the effective date (July 6, 2019). For purposes of this fiscal note analysis, it is assumed that they will begin accepting applications July 1, 2019 (FY 2020). They will collect an application fee of $25 per card, per Section 1.3(19) and 1.3(20). It is assumed that the fees will be collected in the same fiscal year the applications are received. It is also assumed that ten percent of the initial applicants will submit a renewal application within the same fiscal year.

	FY 2018	FY 2019	FY 2020
Qualifying Patient Initial Applications	0	0	116,807
Qualifying Patient Renewal Applications	0	0	11,681
Caregiver Initial Applications	0	0	51,007
Caregiver Renewal Applications	0	0	5,101
Total Patient & Caregiver Identification Cards	0	0	184,596
Total Patient & Caregiver Application Fees	$0	$0	$4,614,900

Applications for Patient or Caregiver Cultivation Identification Cards

Section 1 requires them to issue identification cards for a qualifying patient or his or her primary caregiver for purposes of cultivating up to six flowering marijuana plants for the exclusive use of the qualifying patient. For purposes of this fiscal note, it is estimated that 10 percent of the qualifying patients will grow marijuana for themselves or it will be grown by their designated primary caregiver. Therefore, it is estimated that 11,681 (116,807 x .10) will be issued in FY 2020. They will collect an annual application fee of $100 per Section 1.3(12). It is also assumed that ten percent of the initial applicants will renew their application within the same fiscal year.

	FY 2018	FY 2019	FY 2020
Cultivation Initial Applications	0	0	11,681
Cultivation Renewal Applications	0	0	1,168
Total Cultivation Identification Cards	0	0	12,849
Total Cultivation Identification Fees	$0	$0	$1,284,900

Application and Licensing of Medical Marijuana Cultivation Facilities

Section 1 authorizes them to establish the application and licensing process of medical marijuana cultivation facilities. For purposes of this fiscal note analysis, it is estimated that 61 facilities will apply and become licensed to fully operate cultivation facilities by the end of FY 2020. This estimate is based on the assumption that they will limit the number of cultivation facilities licensed at the minimum required of one facility per 100,000 residents (6,083,672 Missouri residents/100,000 residents per facility = 61 facilities) as allowed per Section 1.3(15). They must accept applications within 210 days of the effective date of the proposal and therefore assumes that applications will be accepted beginning July 1, 2019 (FY 2020). However, section 1.3(11) allows any application for a license to pre-file their application fee with them beginning 30 days after the effective date (January 6, 2019). They estimates that half of the cultivation facilities that will be licensed in FY 2020 will pre-file their fee in FY 2019. The proposed amendment sets the initial application fee at $10,000 with an additional $25,000 fee for each year of the license for the facilities applying during this time period.

	FY 2018	FY 2019	FY 2020
Cultivation Facility Applications	0	0	61
Cultivation Facility Application Fees ($10,000)	$0	$300,000 (pre-file)	$310,000
Cultivation Facility Annual Licenses	0	0	61
Cultivation Facility Annual License Fees ($25,000)	$0	$0	$1,525,000
Total Cultivation App & License Fees	$0	$300,000	$1,835,000

Application and Licensing of Medical Marijuana Dispensing Facilities

Section 1 authorizes them to establish the application and licensing process of medical marijuana dispensing facilities. For purposes of this fiscal note analysis, it is estimated that 192 facilities will apply and become licensed to fully operate dispensing facilities by the end of FY 2020. This estimate is based on the assumption that they will limit the number of dispensing facilities licensed at the minimum required of twenty-four (24) licenses per each of the current eight U.S. Congressional Districts (24 facilities x 8 districts = 192 facilities) as allowed per Section 1.3(17). They must accept applications within 210 days of the effective date of the proposal and therefore assumes that applications will be accepted beginning July 1, 2019 (FY 2020). However, section 1.3(11) allows any application for a license to pre-file their application fee with them beginning 30 days after the effective date (January 6, 2019). They estimate that half of the dispensing facilities that will be licensed in FY 2020 will pre-file their fee in FY 2019. The proposed amendment sets the initial

application fee at $6,000 with an additional $10,000 fee for each year of the license for the facilities applying during this time period.

	FY 2018	FY 2019	FY 2020
Dispensing Facility Applications	0	0	192
Dispensing Facility Application Fees ($6,000)	$0	$576,000 (pre-file fees)	$576,000
Dispensing Facility Annual Licenses	0	0	192
Dispensing Facility Annual License Fees ($10,000)	$0	$0	$1,920,000
Total Dispensing App & License Fees	$0	$576,000	$2,496,000

Application and Licensing of Medical Marijuana-Infused Products Manufacturing Facilities

Section 1 authorizes them to establish the application and licensing process of medical marijuana-infused products manufacturing facilities. For purposes of this fiscal note analysis, it is estimated that 87 facilities will apply and become licensed to fully operate medical marijuana-infused products manufacturing facilities by the end of FY 2020. This estimate is based on the assumption that they will limit the number of manufacturing facilities licensed at the minimum required of one facility per 70,000 residents (6,083,672 Missouri residents/70,000 residents per facility = 87 facilities) as allowed per Section 1.3(16). They must accept applications within 210 days of the effective date of the proposal and therefore assumes that applications will be accepted beginning July 1, 2019 (FY 2020). However, section 1.3(11) allows any application for a license to pre-file their application fee with them beginning 30 days after the effective date (January 6, 2019). They estimate that half of the medical marijuana-infused products manufacturing facilities that will be licensed in FY 2020 will pre-file their fee in FY 2019. The proposed amendment sets the initial application fee at $6,000 with an additional $10,000 fee for each year of the license for the facilities applying during this time period.

	FY 2018	FY 2019	FY 2020
Manufacturing Facility Applications	0	0	87
Manufacturing Facility Application Fees ($6,000)	$0	$258,000	$264,000
Manufacturing Facility Annual Licenses	0	0	87
Manufacturing Facility Annual License Fees ($10,000)	$0	$0	$870,000
Total Manufacturing Application & License Fees	$0	$258,000	$1,134,000

Certification of Seed-to-Sale Tracking Systems, Transportation Entities, and Medical Marijuana Testing Facilities

Section 1.3.(1)(d) requires them to certify at least two commercially available systems that licensees may use as their seed-to-sale tracking system. For purposes of this fiscal note, it is estimated that they will issue certifications for two commercially available systems.

Section 1.3.(1)(e) requires them to certify entities which demonstrate compliance with transportation standards in order to transport marijuana and marijuana-infused products. For purposes of this fiscal note, it is estimated that all licensed medical marijuana cultivation facilities and marijuana-infused products manufacturing facilities will obtain certification to transport marijuana and marijuana-infused products. Therefore, it is estimated that they will issue 148 certifications for transportation (61 cultivation facilities + 87 manufacturing facilities = 148 total facilities). The certification process will occur simultaneous with the licensure of the facilities.

Section 1.3.(4) requires them to certify at least two facilities as Medical Marijuana Testing Facilities. It is estimated that only two facilities will be certified. The certification will occur in FY 2020.

Section 1.3.(1)(f) allows the department to charge a fee not to exceed $5,000 for any certification issued. It is assumed that they will charge a fee of $5,000 for each certification issued.

	FY 2018	FY 2019	FY 2020
Seed-to-Sale Tracking System Certifications	0	0	2
Transportation Entity Certifications	0	0	148
Medical Marijuana Testing Facility Certifications	0	0	2
Total Certifications	0	0	152
Total Certification Fees ($5,000 ea.)	$0	$0	$760,000

Total Revenue in Application, Licensing, and Certification Fees

	FY 2018	FY 2019	FY 2020
Patient & Caregiver Application Fees	$0	$0	$4,614,900
Patient or Caregiver Cultivation Fees	$0	$0	$1,284,900
Cultivation Facility Fees	$0	$300,000	$1,835,000
Dispensing Facility Fees	$0	$576,000	$2,496,000
Infused Products Manufacturing Fees	$0	$258,000	$1,134,000
Certification Fees	$0	$0	$760,000
Total Fees	**$0**	**$1,134,000**	**$12,124,800**

Program Operations: Staffing

Section 1 requires the establishment of a medical marijuana program through promulgation of rules and implementation of those rules for administration of patient and caregiver identification cards; patient or caregiver cultivation identification cards; licensing of medical marijuana cultivation facilities, dispensing facilities and infused products manufacturing facilities; and certification of seed-to-sale tracking systems, transportation entities, and medical marijuana testing facilities. This also includes the development of all program applications and forms, identification cards, and a computerized database system to allow for the electronic storage of and processing of data needed to issue identification

cards and licenses. As a result, DCPH anticipates the need to hire the following staff beginning on December 6, 2018 (FY 2019) to begin development of the program/system:

One Program Manager Broad Band 2 ($65,000) – will serve as Chief of the Medical Marijuana Bureau. Duties will include overall program management, including involvement in rule promulgation, development of forms, program policies and procedures, information system development, and initial program set-up. This position will also supervise the two Unit (Program) Coordinators, two Investigator III positions, a Health Program Representative III, and a Bureau Administrative Office Support Assistant.

Two Program Coordinators (A30, $50,112, Step H) – will serve as Unit Coordinators. One unit will be responsible for processing patient and caregiver applications, including patient or caregiver cultivation applications. The other unit will be responsible for the applications and licensing and/or certification of the medical marijuana cultivation facilities, dispensing facilities, infused-products manufacturing facilities; testing facilities, transportation entities, and seed-to-sale tracking systems. These positions will be involved in the initial program development with the Bureau Chief, hiring of staff, and development of training for staff. Once the program is operational, the Coordinators responsibilities extend to implementation and maintenance of the program, responsibility for meeting application decision deadlines, and ongoing management responsibilities.

One Health Program Representative III (A24, $39,708. Step G) – duties will include assistance in rule promulgation, program policies and procedures, forms development, information system development/troubleshooting and maintenance, and initial program set-up. This position will serve as the liaison between the Units and IT work on system maintenance and enhancements. This position will also certify the seed-to-sale tracking systems that are commercially available to use by the licensed facilities. This position will also be responsible for establishing materials to educate the public about the program and exhibiting at conferences or other venues to education physicians and the general public.

One Administrative Office Support Assistant (A15, $28,668, Step F) – duties will include providing administrative assistance to the Bureau Chief, Program Coordinators, Investigators, Inspectors, and HPR III positions. As allowed, this position will also assist in initial processing of patient and caregiver applications for registration cards.

The following staff will be hired to begin March 1, 2019. This hire date will allow for training and final program preparation to occur prior to the required release dates for the application forms for patients and caregivers, patient or caregiver cultivators, certifications, and facility licenses:

Two Investigator III positions (A25, $41,184, Step G) – these positions will investigate all instances/complaints of possible fraud or negligence on the behalf of a recommending physician, a registered patient and/or caregiver, a cultivator, or a medical marijuana facility. With a new program of this size and the legalization of something that remains illegal for the majority of the population, it is anticipated that they will receive a fair number of calls reporting instances of possible violations. While two is estimated for purposes of this fiscal

note, it may be necessary to add additional staff after the program is operational for some time. The additional costs remain unknown.

Two Grain Inspector IV positions (A23, $38,304, Step G) – these positions will complete the onsite inspections of the medical marijuana cultivation facilities to monitor compliance with the specific requirements outlined in the proposed amendment and rules that need to be met for initial and continued licensure of a facility. These positions will also be responsible for certifying the cultivation facilities as transportation entities. This specialty position was chosen because the most technical piece involves the process of testing plants for molds, mildew, and pesticides and making sure the facilities are dealing with these issues in a proper way.

One Grain Inspector Compliance Coordinator (A28, $46,056, Step G) – this position coordinates and supervises the work of the Grain Inspector positions; ensuring inspections are completed consistently and timely. This position will also provide technical assistance to the inspectors and make final action decisions/recommendations for problem inspections.

Four Environmental Public Health Specialist IV positions (A27, $44,352, Step G) – these positions will complete the onsite inspections of the medical marijuana dispensing and the medical-marijuana infused-products manufacturing facilities to monitor compliance with the specific requirements outlined in the proposed amendment and rules that need to be met for initial and continued licensure of a facility. These positions will also be responsible for certifying the manufacturing facilities as transportation entities. This specialty position was chosen because the most technical piece involves ensuring sanitation requirements are met and the infused-products are labeled and packaged correctly.

One Environmental Public Health Specialist V position (A28, $46,056, Step G) – this position coordinates and supervises the work of the EPHS IV positions; ensuring inspections are completed consistently and timely. This position also provides technical assistance to the environmental specialists and makes final action decisions/recommendations for problem inspections.

One Health Facilities Consultant (A29, $48,852, Step H) – this position will complete the inspections of the Medical Marijuana Testing Facilities in order to monitor compliance with the specific requirements needed to obtain and maintain certification. This position will also provide technical assistance to the testing facilities to assist with obtaining and maintaining the certification. This specialty position was chosen as this classification currently completes the inspections of other medical laboratories certified by the state.

49 Senior Office Support Assistant (SOSA) positions (A12, $26,340, Step F) – duties will include processing of paper applications to include opening and date stamping of mail, entry of application information into the electronic registry, initial verification of applicant and physician identification, initial application review to include determination of application approval or denial (including incomplete status), preparation of patient and caregiver identification cards, preparation of patient/caregiver cultivation identification cards, initial processing of medical marijuana facility applications, preparation of identification cards for

all owners and employees of the medical marijuana facility licensees, processing revoked cards, and answering of phones and assisting telephone callers.

24 Health Program Representative II (HPR II) positions (A21, $35,640, Step G) – duties will include supervision of the SOSA positions and quality assurance checks of the application entry and initial verification completed by the SOSAs. This position will have responsibility for final approval of application incomplete notices, rejects, revocations, and card issuances. This position will ensure application process deadlines as mandated by proposed amendment are met. This position will also verify all registrations of owners and employees associated with the licensed medical marijuana facilities, including coordination with the Inspectors and Environmental Public Health Specialists for final issuance of facility licenses.

For fiscal note purposes they calculated 45 minutes per patient and caregiver application and 45 minutes per patient or caregiver cultivation application.

197,445 (184,596 patient and caregiver apps + 12,849 cultivation apps) X .75/hour / 2,080 hours per year per staff = 71.2 staff (round to 71 staff).

They calculated 14 hours for the processing of a dispensing facility license application and 15 hours for the processing of the cultivation and manufacturing facility license (additional hour for processing transportation certification application).

(192 dispensing facilities x 14 hours) + (61 cultivation facilities x 15 hours) + (87 infused products manufacturing facilities x 15 hours) = 4,908 total hours/divided by 2,080 hrs/year per staff = 2.4 staff (round to 2 staff). This is a total of 73 processing staff (SOSA and HPR II positions).

Printing Costs

They will print individual identification cards for the qualified patient, caregiver, patient or caregiver cultivation identification card, and identification cards for each owner, board member, employee of the licensed facilities. The cards are encoded with a magnetic stripe for security and linkage to the IT system for dispensing purposes. DCPH will purchase a card delivery system with the ability to print the card with the magnetic stripe, attach the card to a personalized letter, and secure in an envelope ready for mailing. The initial cost of the card delivery system is estimated at $277,000. In addition there will be an annual equipment preventative maintenance fee of $34,000. The average supply cost to print each card is $0.59/card.

They are estimating the number of identification cards to be printed each year per facility licensed to be 25 for a cultivation facility, 10 for a dispensing facility, and 25 for a manufacturing facility. (61 cultivation facilities x 25 = 1,525 cards, 192 dispensing facilities x 10 = 1,920 cards, 87 manufacturing facilities x 25 = 2,175 cards) License certificates will be printed for each facility on special certificate paper (heat sensitive ink background) provided by state printing at a cost of approximately $200 per 1,000 pieces of

certificate paper. The license certificates and identification cards for facilities will not be produced until FY 2020 when the facility becomes licensed.

DCPH will print 100,000 brochures each year the program is operational at a cost of $0.06 per brochure. This brochure will provide the public with information about the medical cannabis program and assistance in completing a valid registration.

FY 2019

- 100,000 brochures ($0.06 per brochure) = $6,000

FY 2020

- 184,596 patient and caregiver cards + 12,849 cultivation cards + 1,525 identification cards for cultivation facilities, 1,920 identification cards for dispensing facilities + 2,175 for manufacturing facilities = 203,065 cards x $0.59 per card/print supplies = $119,808
- 492 Certificates for facility licenses and certifications ($200/1,000) = $200
- 100,000 brochures ($0.06 per brochure) = $6,000

Mailing Costs

Each qualifying patient and primary caregiver will receive his/her card in the mail. If the patient or caregiver applied for a cultivation identification card, that card will be mailed separately. Each licensed facility will be mailed a copy of their license and identification cards. It is estimated that 10 percent of the registered participants, caregivers and patient/caregiver cultivators will submit a change request to their application requiring a change notification receipt by mailing. It is projected that five percent of all applications will be incomplete and requires mailing of an incomplete notice. It is also projected that 25 percent of the printed brochures (25,000) along with paper applications will be mailed to the public upon request. The other printed brochures will be available for distribution at conferences and other public venues.

Projected mailings are as follows:

	FY 2018	FY 2019	FY 2020
Patient and Caregiver ID Cards	0	0	184,596
Cultivation ID Cards	0	0	12,849
Facility Certificates	0	0	492
Facility Identification Cards	0	0	5,620
Change Request Notifications	0	0	17,774
Incomplete Notifications	0	0	8,887
Brochures/app mailed	0	25,000	25,000
Total mailings	**0**	**25,000**	**255,218**

FY 2019

- 25,000 envelopes ($41 per 1,000) = 25 X $41 = $1,025
- Postage (25,000 x $0.39/postage rate) = $9,750

FY 2020

- 255,218 envelopes ($41 per 1,000) = 256 X $41 = $10,496
- Postage (255,218 x $0.39/postage rate) = $99,535

Criminal Records Check

Section 1.3.(2)(h) suggests that individual identification cards for owners, officers, managers, contractors, employees and other support staff of the licensed facilities shall include a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544. Section 1.7(2) states no licensed facility shall have an owner, officer, manager, contractor, employee or other support staff with a disqualifying felony offense. They assumes that as part of the facility license application, the facilities would need to submit a current finger print based criminal record report as would be promulgated in rule. Therefore, they assume no cost for obtaining the fingerprint check.

Information Technology Services Division (ITSD)

Application Storage Costs

In order to manage the final storage of paper applications submitted, Content Manager for electronic scanning and storage will be utilized. The costs for Content Manager are estimated at $132 per month for the state data server costs, $234 for an annual license for each user who needs to view files and $828 for an annual license for each position with ability to scan/import documents. Content Manager services will not be acquired until FY 2020.

Information Systems Development

Estimating a 12 month project duration with a project team consisting of 4 IT Consultants. Applications will be received as paper submissions to the department. System will print licenses and identification cards for physical delivery to the applicant. The system will be hosted in the State Data Center (SDC) on existing virtual servers. Disk space has been estimated at 50 GB for Development and Test with 150 GB estimated for Production. While we have estimated for a system build it is possible COTS solutions are available at a similar cost. Estimated costs are detailed above in the ITSD-DHSS table.

Division of Administration

DHSS-DA assumes one Accounting Clerk can process 30,000 receipt transactions per year. An Accounting Generalist I/II would be needed to supervise for every five Account Clerks.

Accounting Clerk (A12, $26,340, Step F) duties would include:

- Open and sort mail;
- Process and enter receipts in the department computer system;
- Prepare bank deposits and cash receipts documents;
- Reconcile daily receipts;
- Distribute supporting documentation program.

Accounting Generalist I/II (A25, $41,184, Step G) duties would include:

- Supervise and review the work of Accounting Clerks who are processing the fees.

Each application and license would have a fee transaction.

FY2019	FY2020	Transaction
0	184,596	Patient & Caregiver Application
0	12,849	Patient & Caregiver Cultivation Application
30	92	Cultivation Facility Application
96	288	Dispensing Facility Application
43	131	Manufacturing Facility Application
0	152	Certifications
169	198,108	Total Number of Transactions
	6.00 FTE	Accounting Clerk
	1.00 FTE	Accounting Generalist I/II

Office of General Counsel

Legal Counsel ($50,000)

One full-time attorney would be needed to assist in drafting emergency and proposed regulations and forms; perform legal research and provide day-to-day legal counsel to the program; and represent the department in appeals of licensure and identification card denials.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $11,229 in fiscal year 2019, $35,262 in fiscal year 2020, $67,160 in fiscal year 2025 and thereafter.

Results of studies at this time show conflicting results on the criminal impacts of current medical marijuana laws. However, with the increased licensing and regulation there are also increased possibilities of secondary crimes through false physician recommendations, non-compliance in registration, illegal possession, vehicular infractions or injury, and theft. While many of these violations may carry only municipal or licensing level penalties, some would ultimately fall under felony charges.

Thus, the expected impact of IP 18-51 should bring about 2 new prison admissions and 3 new field admissions in the first year of enactment (FY19). The maximum impact should be expected by FY25 and will lead to an additional 3 offenders in prison and 18 offenders in the field.

In addition, this proposal would be impactful to their department in that we currently test our staff for marijuana use and discipline accordingly. If our staff were to live in a household, or visit another person, who is legally using medical marijuana they would then be exposed to second-hand smoke and would likely test positive themselves. There would be no way for us to determine which of our staff are innocently exposed from those who are abusing this substance illegally.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated total fund costs for General Revenue will be $242,855 for fiscal year 2018, $124,921 for fiscal year 2019, and $126,460 for fiscal year 2020, which includes information technology (IT) related costs of $150,012 for fiscal year 2018, $30,752 for fiscal year 2019, and $31,521 for fiscal year 2020 for IT consultants.

This legislation increases total state revenue by an unknown amount from the sales tax collected on the sale of medical marijuana.

Section 4
The legislation levies a four percent tax on the retail sale of medical marijuana by Medical Marijuana Dispensary Facilities. Their department may retain up to five percent for the cost of collection. The petition creates the Missouri Veterans' Health and Care Fund. The Commissioner of Administration may make cash operating transfers to the fund to meet cash requirements in advance of receiving revenues. The tax levied by this section is separate and in addition to any general state and local sales tax that applies to retail sales. Because their department does not have enforcement responsibilities, it may make more sense for the taxes to be paid to the Department of Health and Senior Services and then sent to their department for deposit into the fund.

Administrative Impact:

Collections & Tax Assistance:
This section will see additional registrations, registration phone calls, business tax account update requests, and delinquent phone contacts from the additional businesses registering to collect sales tax on medical marijuana. Collections and Tax Assistance requires two (2) Revenue Processing Technicians I (Range 10, Step L) per 24,000 additional contacts to the registration section and 15,000 contacts annually on the delinquent tax line. Each technician requires CARES equipment.

Business Tax Processing:
Although the legislation bases the four percent tax on the retail selling price, it is separate from sales and use tax. This tax needs to be reported and deposited separately from sales and use tax. This would require new reporting forms and a new program to track and distribute receipts. This will include a new program within the Integrated Tax System.

Officials from the **Department of Public Safety - Office of Director and the Division of Alcohol and Tobacco Control** each indicated they see no fiscal impact due to this initiative petition.

Officials from the **Missouri State Highway Patrol** indicated for the Criminal Records Fund estimated revenue of $179,040 and estimated costs of $67,140 for fiscal year 2018, unknown impact for fiscal year 2019, and unknown impact for fiscal year 2020.

For each fingerprint-based background check processed, the state retains the $20 state fee and $2 of the federal charge for a pass-thru fee.

The proposed legislation would allow medical marijuana for medical use and provide that it shall be taxed at four percent of the retail price.

According to the 2015 United States Census Bureau's census estimate, Missouri's population was 6,083,672. Based on this total, the number of Cultivation Facilities, Dispensary Facilities, and Infused Products Manufacturing Facilities is as follows:

Cultivation Facilities
Assuming a limit is set at the minimum of 1 facility per 100,000 inhabitants per the proposed amendment, 60 licenses for cultivation facilities may be issued. Further estimating an average of 25 employees per facility, the total number of criminal record checks for employees, owners etc. of Cultivation Facilities equals 1,500 (60 x 25).

Dispensing Facilities
Assuming the maximum number of licenses that will be issued in each of the eight United States Congressional Districts in the state of Missouri is 24, the maximum number of licenses issued for Dispensing facilities equals 192 (24 x 8). Further estimating 10 employees per facility, the total number of criminal record checks for employees, owners etc. of Dispensary Facilities equals 1,920 (192 x 10).

Infused Products Manufacturing Facilities
Assuming a limit is set at the minimum of 1 facility per 70,000 inhabitants (per the proposed constitutional amendment) the number of facilities would equal 87 (6,083,672 / 70,000). Further estimating an average of 25 employees per facility, the total number of criminal record checks for employees, owners, etc. of Cultivation Facilities equals 2,175 (87 x 25).

The estimated number of state and federal fingerprint-based criminal record checks estimated to be generated with the passage of this amendment is 5,595 (1,500 for

Cultivation Facilities; 1,920 - Dispensing Facilities; 2,175 - Infused Products Manufacturing Facilities).

The charge for each background check processed is $40.30. Twenty dollars for the state fingerprint check, $12 for the federal check, and an $8.30 charge for the statewide applicant fingerprinting contractor fee ($20 + $12 + 8.30 = $40.30). Of this amount, the state retains the $20 fee and $2 of the federal charge of $12 for a pass-thru fee. The $8.30 charge is paid directly to the vendor at the time of application.

Estimated Revenue FY18
5,595 x $32 (state/federal background check) $179,040

Estimated Expense FY18
5,595 x $12 (federal background check charge) $67,140

Subsequent yearly background checks will be based on turnover.

Estimated Revenue FY19 and beyond
??? x $32 (state/federal background check)

Estimated Expense FY19 and beyond
??? x $12 (federal background check charge)

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** (OA) indicated:

Article XVI, Section 1 allows the Department of Health and Senior Services (DHSS) to grant or refuse state licenses for the cultivation, manufacture, distribution, and sale of marijuana for medical use. This authority includes the creation and imposition of administrative penalties; however, no actual amounts are given.

The article establishes facility license fees for medical marijuana cultivation facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities. Table 1 outlines the fees and renewal periods by facility license

type. In addition to facility fees, Section 3 creates certifications for a seed-to-sale system, transportation, and medical marijuana testing facilities. DHSS is allowed to charge up to $5,000 per certification and must certify at least two seed-to-sale tracking systems and two testing facilities; however, no minimum requirement was listed for the transportation of medical marijuana.

Table 1: Facility License and Annual Fees

Section	Facility License Type	License Fee* Years 1-3	License Fee* Years 3+	Annual Fee*	Renewal Period
3 (8)	medical marijuana cultivation facilities	$10,000	$5,000	$25,000	Every 3 years
3 (9)	medical marijuana dispensary facilities	$6,000	$3,000	$10,000	Every 3 years
3 (10)	medical marijuana-infused products manufacturing facilities	$6,000	$3,000	$10,000	Every 3 years

**License fees and annual fees shall be adjusted each year in accordance with the Consumer Price Index as published by the U.S. Department of Labor.*

Section 3 (12) allows qualifying patients, or his or her primary caregiver, to obtain an identification card allowing for personal cultivation of up to six flowering marijuana plants. Section 3 (19) and Section 3 (20) establish identification cards for qualifying patients of medical marijuana and primary caregivers. Table 2 outlines the fees and renewal periods for the different identification cards.

Table 2: Identification Fees

Section	Identification Type	Fee*	Renewal Period
3 (12)	Personal Cultivation I.D. Card	$100	annually
3 (19)	Qualifying Patient - Identification card	$25	annually
3 (20)	Primary Caregiver - Identification card	$25	annually

**License fees and annual fees shall be adjusted each year in accordance with the Consumer Price Index as published by the U.S. Department of Labor.*

Section 3 (15) states that DHSS may restrict the number of licenses for medical marijuana cultivation facilities; however, the number may not be limited to less than one license per one hundred thousand inhabitants of Missouri. Section 3 (16) states that DHSS may restrict the number of licenses for marijuana-infused products manufacturing facilities; however, the number may not be limited to less than one license per seventy thousand inhabitants of Missouri. Section 3 (17) states that DHSS may limit the number of dispensary facilities to twenty-four licenses in each United States Congressional district. Table 3 outlines the facility count limits and estimates what the facility counts would be based on 2010 U.S. Census data should these limits be implemented. Once the minimum number of facilities has been established, any decrease in the number of inhabitants within Missouri, or changes to the number or boundaries of the Congressional Districts, shall have no impact to the established minimum number of licenses allowed by the article.

Table 3: Facility Count Limits			
Section	**Facility Type**	**Minimum Limit**	**Facility Count**
3 (15)	cultivation facilities	1 per 100,000	60
3 (16)	marijuana-infused products manufacturing facilities	1 per 70,000	86
3 (17)	medical marijuana dispensaries	24 per U.S. Congressional District	192

Section 4 (1) creates a 4% sales tax on the retail sale of marijuana for medical use sold at medical dispensary facilities within the state. Revenues from this tax shall be paid to the Department of Revenue (DOR). DOR may retain up to five percent for collection costs. The remainder shall be deposited in the Missouri Veterans' Health and Care Fund.

Section 4 (2) creates the Missouri Veterans' Health and Care Fund in the state treasury which will consist of taxes and fees collected under this section. This fund shall be a dedicated fund and shall stand appropriated without further legislative action. DHSS shall be appropriated an amount necessary to carry out this section. The remainder shall be transferred to the Missouri Veterans' Commission for health and care services for military veterans.

Section 9 states that the effective date of Article XVI would be December 6, 2018. However, B&P estimates that revenue generation would not begin until at least June 2019 for patients and July 2019 for facilities given the provisions in Section 3.

Using data from Arizona, which has a similar medical marijuana law, B&P estimates that up to 65,547 patients and caregivers could utilize this bill. Of these, up to 2,000 may gain approval for personal cultivation. B&P estimates that annual fees for patients, caregivers, and personal cultivation could generate approximately $1.4M annually by FY 2021, assuming growth is similar to that seen with the Arizona medical marijuana program.

B&P estimates that license fees for medical marijuana facilities could generate approximately $2.3M in FY 2020, and $1.1M every three years thereafter. The initiative petition does not specify whether these facilities would pay the annual fee and a license renewal fee every three years. Therefore, B&P assumes that both would need to be paid in the third year of a license. Table 4 outlines the revenues from the license and annual fees.

Table 4: License and Annual Fees by Patient and Facility Type					
Patient and Facility Type	**Revenue Generated by License Fees**				
	FY 2019	**FY 2020***	**FY 2021***	**FY 2022***	**FY 2023***
Patients and Caregivers**	$87,000	$1,046,000	$1,186,000	$1,704,000	$1,737,000
Personal Cultivation**	$17,000	$200,000	$204,000	$208,000	$212,000
Cultivation Facilities^		$600,000	$1,531,000	$1,561,000	$1,905,000
Infused Product Manufacturer^		$516,000	$879,000	$896,000	$1,183,000
Dispensary^		$1,152,000	$1,962,000	$2,000,000	$2,642,000
Total	**$104,000**	**$3,514,000**	**$5,762,000**	**$6,369,000**	**$7,679,000**

**Assumes 2% inflation*

***Assumes growth similar to that seen in the medical marijuana program in Arizona*

^ Assumes a 1.2% turnover rate in facility licenses

Section 4 requires a four percent sales tax to be applied to all sales of marijuana products, in addition to current state and local sales tax. Based on sales data from Arizona during 2014 of $110M and 2015 of approximately $155.7M, B&P calculates that this provision could increase TSR by $6.6M and GR by $4.7M once fully implemented. Table 5 outlines the estimated revenues from each tax and where revenues will be directed.

Table 5: Sales Tax Revenues					
Sales Tax Fund	**Revenue Generated by Sales Tax**				
	FY 2019	**FY 2020***	**FY 2021***	**FY 2022***	**FY 2023***
Missouri Veterans' Health and Care Fund		$2,200,000	$6,229,000	$6,229,000	$6,229,000
General Revenue		$1,650,000	4,672,000	4,672,000	4,672,000
Education		$550,000	$1,557,000	$1,557,000	$1,557,000
Parks, Soil, and Water		$55,000	$156,000	$156,000	$156,000
Conservation		$69,000	$195,000	$195,000	$195,000
Total	**$0**	**$4,524,000**	**$12,809,000**	**$12,809,000**	**$12,809,000**

**Based on sales data from Arizona during 2014 and 2015*

B&P estimates that all provisions in this initiative petition could increase TSR by $2.3M and GR by $1.7M in FY20. In FY21, TSR could increase by $6.6M and GR by $4.7M. This initiative petition will not impact the calculations under 18(e).

Table 6: Summary of Revenue Generated by Medical Marijuana Taxes and Fees					
Revenue Source	**Revenue Generated by License Fees**				
	FY 2019	**FY 2020**	**FY 2021***	**FY 2022***	**FY 2023***
License and Annual Fees					
*Patients and Caregivers***	0.1	1.0	1.2	1.7	1.7
Personal Cultivation**	0.0	0.2	0.2	0.2	0.2
Cultivation Facilities^		0.6	1.5	1.6	1.9
Infused Product Manufacturer^		0.5	0.9	0.9	1.2
Dispensary^		1.2	2.0	2.0	2.6
Total License and Annual Fees:	0.1	3.5	5.8	6.4	7.7
Sales Tax^^					
Missouri Veterans' Health and Care Fund		2.2	6.2	6.2	6.2
General Revenue		1.7	4.7	4.7	4.7
Education		0.6	1.6	1.6	1.6
Parks, Soil, and Water		0.1	0.2	0.2	0.2
Conservation		0.1	0.2	0.2	0.2
Total Sales Tax:		4.5	12.8	12.8	12.8
Total Revenue to Missouri Veterans' Health and Care Fund	**0.1**	**5.7**	**12.0**	**12.6**	**13.9**
Total State Revenues		**2.3**	**6.6**	**6.6**	**6.6**
Total Local Sales Tax		**2.0**	**5.7**	**5.7**	**5.7**

figures in $M

**Assumes 2% inflation*

***Assumes growth similar to that seen in the medical marijuana program in Arizona*

^ Assumes a 1.2% turnover rate in facility licenses

^^Based on sales data from Arizona during 2014 and 2015

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted

each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated sales taxes could be collected. No amount can be reasonably estimated.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this will not have a fiscal impact on the local government.

Officials from **University of Missouri** indicated the University of Missouri Health Care (MUHC) has reviewed the proposed initiative petition and determined that the fiscal impact should not exceed $100,000 annually.

Joy Sweeney, Executive Director, Council for Drug Free Youth provided the following information for this initiative petition.

Fiscal Impact of Marijuana Legalization

The fiscal impact of marijuana legalization is far reaching. Colorado has provided a great deal of data for Missouri to utilize to determine the impact legalization will have here.

The information in this report is from The Rocky Mountain High Intensity Drug Trafficking Area (HIDTA) Report[1], and it provides a basis of study for the effects of the legalization of marijuana, including fiscal ramifications. The American Society of Addiction Medicine (ASAM) "asserts that the anticipated public health costs of marijuana legalization are significant…"[2] **It is important to note the various costs incurred with legalization, including enforcement, prevention, education, treatment, medical costs, etc.** By utilizing the HIDTA Report, Missouri can predict the cost to the state. A summary of their findings follows:

Colorado tracked data from three waves of marijuana legalization:

- 2006-2008 is the "early medical marijuana era"
- 2009-Present is the "medical marijuana commercialization and expansion era"
- 2013-Present is the "recreational marijuana era"

<u>Impaired Driving</u>

Marijuana-related traffic deaths increased 48 percent in the three-year average (2013-2015) since Colorado legalized recreational marijuana compared to the three-year average (2010-2012) prior to legalization.

During the same time, all traffic deaths increased 11 percent.

Marijuana-related traffic deaths increased 62 percent from 71 to 115 persons after recreational marijuana was legalized in 2013.

In 2009, Colorado marijuana-related traffic deaths involving operators testing positive for marijuana represented 10 percent of all traffic fatalities. By 2015, that number doubled to 21 percent.

The Colorado State Patrol DUID Program 2015 data includes:

- 77 percent (665) of the 862 DUIDs involved marijuana
- 40 percent (347) of the 862 DUIDs involved marijuana only

Average Marijuana Related Fatalities increased 48% between 2008-2012 and 58% between 2012-2015.

Operators involved in fatalities testing positive for marijuana more than tripled:

- 2006 was 4.03%
- 2009 was 6.41%
- 2013 was 8.97%

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[1] *Rocky Mountain High Intensity Drug Trafficking Area*. "The Legalization of Marijuana in Colorado: The Impact". Volume 4, September 2016. http://www.rmhidta.org/html/2016%20FINAL%20Legalization%20of%20Marijuana%20in%20Colorado%20The%20Impact.pdf

[2] American Society of Addiction Medicine, *State-Level Proposals to Legalize Marijuana*, http://www.asam.org/advocacy/find-a-policy-statement/view-policy-statement/public-policy-statements/2012/07/30/state-level-proposals-to-legalize-marijuana, July 2012.

- 2015 was 12.06%

Effects on Youth

From school years 2008-2014, **drug related suspensions/expulsions increased 40%.**
58% of all drug related expulsions were for marijuana.

Past month marijuana use for youth aged 12-17 reports:

National rates	Colorado rates
2008-6.72 % of youth	2008-8.75% of youth
2014-7.22% of youth	2014-11.74% of youth

Referrals to Law Enforcement

In 2006, total drug related referrals to law enforcement were 23.4%; compared to alcohol at 8%.
In 2016, total referrals were 29.7%, compared to 4.3% for alcohol.
In the 2015/16 school year, 73% of all drug related referrals were for marijuana.

Emergency Room Visits Related to Marijuana

2012-9,982
2013-12,888
2014-18,255
From 2012-2014, there was a 49% increase.

Total of all hospitalizations that were marijuana related:
2000-2,541
2013-8,078
2014-9,856

The national **average percent of children ages 0-5 reported for marijuana exposure** from 2010-2013 was 4.97%. **In Colorado it was 17.81%**

Between 2003 and 2013, accidental marijuana exposure to youth under age six increased by about 150 percent.

Treatment Admissions for Marijuana

Data from Colorado from 2005-2013 doesn't demonstrate a definitive trend and averages about 6,500 admissions a year….There may be a drop in treatment admissions for marijuana abuse among adults because of a reduction in criminal justice referrals through diversion and drug courts due to fewer people entering the system.

73.6% of youth in the Denver Health Clinic youth are male, the mean age is 15.8 years, and 98.1% are there primarily for cannabis use disorder.

Other Pertinent Information

- As of January 2016, there were 424 retail marijuana stores in the state of Colorado compared to 322 Starbucks and 202 McDonald's.
- 68 percent of local jurisdictions have banned medical and recreational marijuana businesses.
- From 2014 to 2015, property crime increased 6.2 percent, violent crime increased 6.7 percent, and all crime increased 6.2 percent.
- 93% of CO medical marijuana card holders obtained it to treat "severe pain"

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College,** and the **Lieutenant Governor's Office**.

Fiscal Note Summary

This proposal is estimated to generate annual taxes and fees of $18 million for state operating costs and veterans programs, and $6 million for local governments. Annual state operating costs are estimated to be $7 million.

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 29, 2016

STATE AUDITOR'S OFFICE
RECEIVED
NOV 29 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sheila Dundon regarding a proposed constitutional amendment to Article XVI, version 3 (2018-053)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sheila Dundon on November 28, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

RECEIVED
2016 NOV 28 PM 2:43

STATE OF MISSOURI, COUNTY OF_____

I, _____ being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.	/ /					
2.	/ /					
3.	/ /					
4.	/ /					
5.	/ /					
6.	/ /					
7.	/ /					
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____
(Name of payer)

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____
Signature of Notary

_____
Address of Notary (Street, City, State & Zip Code)

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XVI is created by enacting one new section to be known as Section 1 of Article XVI, to read as follows:

Section 1. Right to Access Medical Marijuana

1. **Purposes**

This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician.

This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for nonmedical purposes. The section does not allow for the public use of marijuana and driving under the influence of marijuana.

2. **Definitions**

(1) "Administer" means the direct application of marijuana to a Qualifying Patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a Qualifying Patient's physician.

(2) "Department" means the Department of Health and Senior Services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) "Marijuana" or "Marihuana" means ***Cannabis indica***, ***Cannabis sativa***, and ***Cannabis ruderalis***, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" or "Marihuana" do not include industrial hemp containing a crop-wide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) "Marijuana-Infused Products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(7) "Medical Marijuana Cultivation Facility" means a facility licensed by the Department, to acquire, cultivate, process, store, transport, and sell marijuana to a Medical

Marijuana Dispensary Facility, Medical Marijuana Testing Facility, or to a Medical Marijuana-Infused Products Manufacturing Facility.

(8) "Medical Marijuana Dispensary Facility" means a facility licensed by the Department, to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section to a Qualifying Patient, a Primary caregiver, another Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or a Medical Marijuana-Infused Products Manufacturing Facility.

(9) "Medical Marijuana-Infused Products Manufacturing Facility" means a facility licensed by the Department, to acquire, store, manufacture, transport, and sell marijuana-infused products to a Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or to another Medical Marijuana-Infused Products Manufacturing Facility.

(10) "Medical Marijuana Testing Facility" means a facility certified by the Department, to acquire, test, certify, and transport marijuana.

(11) "Medical use" means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a Qualifying Patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(12) "Physician" means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(13) "Physician certification" means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that, in the physician's professional opinion, the patient suffers from a qualifying medical condition.

(14) "Primary caregiver" means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a Qualifying Patient and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the Department.

(15) "Qualifying medical condition" means the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, post-traumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(16) "Qualifying Patient" means a Missouri resident diagnosed with at least one qualifying medical condition.

3. **Creating Patient Access to Medical Marijuana**

(1) In carrying out the implementation of this section, the Department shall have the authority to:

(a) Grant or refuse state licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses and certifications upon a violation of this section or a rule promulgated pursuant to this section; and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section.

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical use and for the enforcement of this section so long as patient access is not restricted unreasonably and such rules are reasonably necessary for patient safety or to restrict access to only licensees and Qualifying Patients.

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a Qualifying Patient or Primary Caregiver to ensure that no medical marijuana grown by a Medical Marijuana Cultivation Facility or manufactured by a Medical Marijuana-Infused Products Manufacturing Facility is sold or otherwise transferred except by a Medical Marijuana Dispensary Facility. The Department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees.

(e) Issue standards for the secure transportation of Marijuana and Marijuana-Infused Products. The Department shall certify entities which demonstrate compliance with its transportation standards to transport Marijuana and Marijuana-Infused Products to a Medical Marijuana Cultivation Facility, a Medical Marijuana-Infused Products Manufacturing Facility, a Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or another entity with a transportation certification. The Department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport cannabis.

(f) The Department may charge a fee not to exceed $5,000 for any certification issued pursuant to this section.

(g) Prepare and transmit annually a publicly available report accounting to the Governor for the efficient discharge of all responsibilities assigned to the Department under this section;

(h) Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following: (i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers; (ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, plans to ensure safety and security of Qualifying Patients and the community, procedures to be used to prevent diversion, and any plan for making Marijuana available to low-income Qualifying Patients; (iii) site security; (iv) experience in a legal cannabis market; (v) in the case of Medical Marijuana Testing Facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience; (vi) the potential for positive economic impact in the site community; (vii) in the case of Medical Marijuana Cultivation Facilities, capacity or experience with agriculture, horticulture, and health care; (viii) in the case of Medical Marijuana Dispensary Facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients; (ix) in the case of Medical Marijuana-Infused Products Manufacturing Facilities, capacity or experience with food and beverage manufacturing; and (x) maintaining competitiveness in the marijuana for medical use marketplace. In ranking applicants and awarding licenses and certificates, the Department may consult or contract with other public agencies with relevant expertise regarding these factors. The Department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by Qualifying Patients.

(2) The Department shall issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana for medical use by Qualifying Patients. In developing such rules or emergency rules, the Department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the Department may issue rules or emergency rules relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license or certification issued pursuant to this section;

(b) Specifications of duties of officers and employees of the Department;

(c) Instructions or guidance for local authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the Department;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises provided that the rules may not prevent or unreasonably restrict appropriate signs on the property of the Medical Marijuana Dispensary Facility, product display and examination by the Qualifying Patient and/or Primary caregiver, listings in business directories including phone books, listings in marijuana-related or medical publications, or the sponsorship of health or not for profit charity or advocacy events;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed or certified pursuant to this section, including a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the Department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days. Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530;

(i) Security requirements for any premises licensed or certified pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the Department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical Marijuana-Infused Products;

(l) The specification of acceptable forms of picture identification that a Medical Marijuana Dispensary Facility may accept when verifying a sale;

(m)Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(p) The reporting and transmittal of tax payments;

(q) Authorization for the Department of Revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(3) The Department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and requiring licensees to test medical marijuana using one or more impartial, independent laboratories to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health, to ensure correct labeling and measure potency. The Department shall not require any medical marijuana or medical marijuana-infused products to be tested more than once prior to sale.

(4) The Department shall issue rules or emergency rules to provide for the certification of and standards for Medical Marijuana Testing Facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The Department shall certify, if possible, at least two entities as Medical Marijuana Testing Facilities. No Medical Marijuana Testing Facility shall be owned by an entity under substantially common control, ownership, or management as

a Medical Marijuana Cultivation Facility, Medical Marijuana-Infused Product Manufacturing Facility, or Medical Marijuana Dispensary Facility.

(5) The Department shall maintain the confidentiality of reports or other information obtained from an applicant or licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients may be used only for a purpose authorized by federal law and this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card.

(6) Within one hundred eighty days of the effective date of this section, the Department shall make available to the public license application forms and application instructions for Medical Marijuana Cultivation Facilities, Medical Marijuana Testing Facilities, Medical Marijuana Dispensary Facilities, and Medical Marijuana-Infused Products Manufacturing Facilities.

(7) Within one hundred eighty days of the effective date of this section, the Department shall make available to the public application forms and application instructions for Qualifying Patient, Qualifying Patient cultivation, and Primary caregiver identification cards. Within two hundred ten days of the effective date of this section, the Department shall begin accepting applications for such identification cards.

(8) An entity may apply to the Department for and obtain one or more licenses to grow marijuana as a Medical Marijuana Cultivation Facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the Department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the Department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the Department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three Medical Marijuana Cultivation Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(9) An entity may apply to the Department for and obtain one or more licenses to operate a Medical Marijuana Dispensary Facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five Medical Marijuana Dispensary Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(10) An entity may apply to the Department for and obtain one or more licenses to operate a Medical Marijuana-Infused Products Manufacturing Facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three Medical Marijuana-Infused Products Manufacturing Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(11) Any applicant for a license authorized by this section may pre-file their application fee with the Department beginning 30 days after the effective date of this section.

(12) Except for good cause, a Qualifying Patient or his or her Primary caregiver may obtain an identification card from the Department to cultivate up to six flowering marijuana plants for the exclusive use of that Qualifying Patient. The card shall be valid for twelve months from its date of issuance and shall be renewable with the annual submittal of a new or updated physician's certification. The Department shall charge an annual fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(13) The Department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single Qualifying Patient in a thirty day period, provided that limit is not less than four ounces of dried, unprocessed marijuana, or its equivalent. Any such limit shall not apply to a Qualifying Patient with written certification from two independent physicians that there are compelling reasons why the Qualifying Patient needs a greater amount than the limit established by the Department.

(14) The Department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a sixty day supply of dried, unprocessed marijuana, or its equivalent. A Primary caregiver may possess a separate legal limit for each Qualifying Patient under their care and a separate legal limit for themselves if they are a Qualifying Patient. Qualifying Patients cultivating marijuana for medical use may possess up to a ninety day supply, so long as the supply remains on property under their control. Any such limit shall not apply to a Qualifying Patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor to Department sanctions, including an administrative penalty and loss of their patient identification card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by imprisonment of up to one year and a fine of up to two thousand dollars.

(15) The Department may restrict the aggregate number of licenses granted for Medical Marijuana Cultivation Facilities, provided, however, that the number may not be limited to fewer than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(16) The Department may restrict the aggregate number of licenses granted for Marijuana-Infused Products Manufacturing Facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most

recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(17) The Department may restrict the aggregate number of licenses granted for Medical Marijuana Dispensary Facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States Congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on the effective date of this section. Future changes to the boundaries of or the number of congressional districts shall have no impact.

(18) The Department shall begin accepting license and certification applications for Medical Marijuana Dispensary Facilities, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred forty days after the effective date of this section. Applications for licenses and certifications under this section shall be approved or denied by the Department no later than one hundred fifty days after their submission. If the Department fails to carry out its non-discretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the Department to approve or deny the application.

(19) Qualifying Patients under this section shall obtain and annually renew an identification card or cards from the Department. The Department shall charge a fee of twenty-five dollars per year per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Upon receiving an application for a Qualifying Patient identification card or Qualifying Patient cultivation identification card, the Department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the Department fails to deny and fails to issue a card to an eligible Qualifying Patient within thirty days, then their physician certification shall serve as their Qualifying Patient identification card or Qualifying Patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a Qualifying Patient identification card or Qualifying Patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(20) Primary caregivers under this section shall obtain and annually renew an identification card from the Department. The Department shall charge a fee of twenty-five dollars per year, with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. Upon receiving an application for a Primary caregiver identification card, the Department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(21) All marijuana for medical use sold in Missouri shall be cultivated in a licensed Medical Marijuana Cultivation Facility located in Missouri.

(22) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a Medical Marijuana-Infused Products Manufacturing Facility.

(23) The denial of a license, license renewal, or identification card by the Department shall be appealable to the Administrative Hearing Commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the Department shall be subject to judicial review as provided by law.

(24) No elected official shall interfere directly or indirectly with the Department's obligations and activities under this section.

(25) The Department shall not have the authority to apply or enforce any rule or regulation that would impose an undue burden on any one or more licensees or

certificate holders, any Qualifying Patients, or act to undermine the purposes of this section.

4. **Taxation and Reporting**

(1) A tax is levied upon the retail sale of marijuana for medical use sold at Medical Marijuana Dispensary Facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed Medical Marijuana Dispensary Facility and paid to the Department of Revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the Department of Revenue into the Missouri Veterans' Health and Care Fund. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund," which shall consist of taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The Commissioner of Administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the Department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the Department, an amount necessary for the Department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, the remainder of such funds shall be transferred to the Missouri Veterans Commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri Veterans Homes, the Missouri Service Officer's Program, and other services for veterans approved by the Commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri Veterans Commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All monies from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies, by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the Department and the Department of Revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from, and in addition to, any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

(6) The fees and taxes provided for in this Article XVI, Section 1 shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

(7) The unexpended balance existing in the fund shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.

5. **Additional Patient, Physician, Caregiver and Provider Protections**

(1) Except as provided in this section, the possession of marijuana in quantities less than the limits of this section, or established by the Department, and transportation of marijuana from a Medical Marijuana Dispensary Facility to the Qualifying Patient's residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand to the appropriate authority a valid Qualifying Patient identification card; a valid Qualifying Patient cultivation identification card; a valid physician certification while making application for an identification card; or a valid Primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a Qualifying Patient identification card or use marijuana for medical use.

(3) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri State Board of Registration for the Healing Arts, or its successor agency, for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or providing health care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A Medical Marijuana Testing Facility shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by non-emancipated Qualifying Patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A Primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use to a qualifying patient or participating in the patient cultivation of up to six flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct.

(8) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to prospective or licensed Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana Dispensary Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, Qualifying Patients, Primary caregivers, physicians, health care providers or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(9) Actions and conduct by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities licensed or registered with the Department, or their employees or agents, as permitted by this section and in compliance with Department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.

6. **Legislation**

Nothing in this section shall limit the General Assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of Qualifying Patients to access marijuana for medical use as granted by this section.

7. **Additional Provisions**

(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

(b) Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; or

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana; or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the influence of marijuana while at work or disciplining the employee or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana.

(2) No Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility, or entity with a transportation certification shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the Department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The Department may consult with and rely on the records, advice and recommendations of the Attorney General and the Department of Public Safety, or their successor entities, in applying this subdivision.

(3) All Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, and Medical Marijuana-Infused Products Manufacturing Facility licenses, entities with Medical Marijuana Testing Facility certifications, and entities with transportation certifications shall be held by entities that are majority owned by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, entities outside the state of Missouri may own a minority stake in such entities.

(4) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional Department sanction, up to and including loss of license.

(5) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, in a font size at least as large as the largest other font size used on the package, as containing "Marijuana," or a "Marijuana-Infused Product." Violation of this prohibition shall subject the violator to Department sanctions, including an administrative penalty.

(6) No individual shall serve as the Primary caregiver for more than three Qualifying Patients.

(7) No Qualifying Patient shall consume marijuana for medical use in a public place, unless provided by law. Violation of this prohibition shall subject the violator to sanctions as provided by general law.

(8) No person shall extract resins from marijuana using dangerous materials or combustible gases without a Medical Marijuana-Infused Products Manufacturing Facility license. Violation of this prohibition shall subject the violator to Department sanctions, including an administrative penalty and, if applicable, loss of their identification card, certificate, or license for up to one year.

(9) All Qualifying Patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the Qualifying Patient or by such patient's Primary caregiver. Two Qualifying Patients, who both hold valid Qualifying Patient cultivation identification cards, may share one enclosed, locked facility. No more than twelve Qualifying Patient or Primary caregiver cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a Primary caregiver also holds a Qualifying Patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.

(10) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, Medical Marijuana-Infused Products Manufacturing Facility, Medical Marijuana Testing Facility, or entity with a transportation certification shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the Department, not to be unreasonably withheld.

(11) Unless allowed by the local government, no new Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. No local government shall prohibit Medical Marijuana

Cultivation Facilities, Medical Marijuana Testing Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana-Infused Products Manufacturing Facility, Medical Marijuana Dispensary Facility, or entity holding a transportation certification that may operate in such locality.

(12) Unless superseded by federal law or an amendment to this Constitution, a physician shall not certify a qualifying condition for a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic, or in another commonly used format. A Qualifying Patient must obtain a new physician certification at least annually.

(13) A physician shall not issue a certification for the medical use of marijuana for a non-emancipated Qualifying Patient under the age of eighteen without the written consent of the Qualifying Patient's parent or legal guardian. The Department shall not issue a Qualifying Patient identification card on behalf of a non-emancipated Qualifying Patient under the age of eighteen without the written consent of the Qualifying Patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a Primary caregiver for a non-emancipated Qualifying Patient under the age of eighteen. Only the Qualifying Patient's parent or guardian shall purchase or possess medical marijuana for a non-emancipated Qualifying Patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a non-emancipated Qualifying Patient under the age of eighteen

(14) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for Qualifying Patient use.

(15) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

8. **Severability**

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

9. **Effective Date**

The provisions of this section shall become effective on December 6, 2018.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-053)

Subject

Initiative petition from Sheila Dundon regarding a proposed constitutional amendment to Article XVI of the Constitution of Missouri. (Received November 29, 2016)

Date

December 19, 2016

Description

This proposal would amend Article XVI of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Lieutenant Governor's Office**.

Joy Sweeney, Executive Director, Council for Drug Free Youth provided information for this initiative petition to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated this proposal authorizes the Department of Health and Senior Services to issue new licenses for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use. It requires their department to promulgate rules necessary for the implementation and enforcement of the proposal, develop forms and issue standards in addition to licensure and certification of facilities. The proposal requires a minimum of 60 licenses for cultivation facilities (one per every 100,000 inhabitants), a minimum of 85 licenses for manufacturing facilities (one per 70,000 in inhabitants), and a minimum of 192 medical marijuana dispensary facilities (24 per each Congressional district). Licensure and certification is subject to AHC appeal and judicial review. AGO assumes it would need 2 AAG Is to provide legal representation regarding issuance, denial, and discipline of licenses and promulgation of and challenges to administrative rules. If adopted this proposal would increase AGO operating expenses of $139,474 for FY2018; $150,610 for FY2019; and $152,155 for FY2020.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated the costs will be $0 for fiscal year 2018, $3,062,147 for fiscal year 2019, and $7,035,064 for fiscal year 2020. The revenues will be $0 for fiscal year 2018, $1,134,000 for fiscal year 2019, and $12,124,800 for fiscal year 2020.

This proposal is not an entire duplication, however; Section 192.945, RSMo allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for persons who are issued a registration card due to a debilitating medical condition. Under this proposal, patients with intractable epilepsy could also qualify to receive a registration card for medical marijuana use.

Rental space for 97 FTE located in Jefferson City: 97.00 FTE x 230 sq ft/FTE x $21.00/sq. ft. = $468,510.

The proposed language would legalize the use of marijuana for medicinal purposes. There could be an unknown impact on small businesses that serve as cultivators, manufacturers, dispensary facilities, testing and/or transportation centers.

Fiscal Note	18-006		ITSD - DHSS		
Bill Number	Initiative Petition				
Will a new system be required?		X	Yes		No
Indicate fiscal year when fully implemented			FY	2020	

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2018	FY 2019	FY 2020
General Revenue	-	-	-
Other	-	309,634.50	309,653.50
Federal Funds	-	-	-
Total	-	309,634.50	309,653.50

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 0

New	Rate	Hours	FY 2018 $	FY 2019 $	FY 2020 $
IT Consultants	75	8,237.16	-	308,893.50	308,893.50
Other Costs:					
Disk Storage (SAN)	45.36	12	-	558.00	572.00
Backup and Recovery (DistSys Backup-Recovery)	0.49	365	-	183.00	188.00
Section Total Other Costs:			-	741.00	760.00
Section Total Expenditures:			-	309,634.50	309,653.50

Section Funding:				
General Revenue	-	309,634.50	309,653.50
Federal	-	-	-
Other	-	-	-
Total	-	309,634.50	309,653.50

The proposed constitutional amendment requires their department to issue annual registrations for patients and their designated caregivers, patient and caregiver cultivators, medical marijuana cultivation facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities. In addition, the amendment

requires their department to certify seed-to-sale tracking systems, transportation entities, and testing facilities.

The proposal allows for the following registration/license fees to be collected:

	Initial Application and Annual Renewal
Qualifying Patient ID Card	$25.00
Primary Caregiver ID Card	$25.00
Patient or Caregiver Cultivation ID Card	$100.00

	Within 3 years of Effective Date of Proposal (December 6, 2018 – December 6, 2021)		After 3 years of Effective Date (after December 6, 2021)	
	Initial Application or Renewal Application Non-Refundable License Fee (3 yr. license)	Annual Licensing Fee	Initial Application or Renewal Application Non-Refundable License Fee (3 yr. license)	Annual Licensing Fee
Medical Marijuana Cultivation Facility	$10,000	$25,000	$5,000	$25,000
Medical Marijuana Dispensary Facility	$6,000	$10,000	$3,000	$10,000
Medical Marijuana-Infused Products Manufacturing	$6,000	$10,000	$3,000	$10,000

	Certification Fee
Seed-to-Sale Tracking System	Up to $5,000
Medical Marijuana Testing Facility	Up to $5,000

The provisions of this section shall become effective on December 6, 2018. According to the proposed provisions of this section, they shall make available to the public all license application forms (cultivation, dispensary, manufacturing and testing facilities) and the application forms for qualifying patients, caregivers, and qualifying patient cultivation identification cards within 180 days of the effective date of the section (June 6, 2019). They shall accept all applications for patients, caregivers and cultivators no later than 210 days following the effective date of this section (July 6, 2019). They shall accept applications for dispensary facilities, testing facilities, cultivation facilities, manufacturing facilities, seed-to-sale tracking systems, and transportation entities no later than 240 days after the effective date of this section (August 6, 2019). The provisions of this section also allow any applicant for a license to pre-file their application fee with them beginning 30 days after the effective date of this section (January 6, 2019). For purposes of this fiscal note, it is assumed that the first fees for license applications (pre-file) would be accepted January 6, 2019 (FY 2019). The first fees for patient, caregivers, and cultivators are assumed to be collected beginning July 1, 2019 (FY 2020). The first certification fees (seed-to-sale, testing, and transportation) are assumed to be collected beginning July 1, 2019 (FY 2020) as well.

The estimations for the number of each type of registration, license and certification issued each year are detailed under the headings Division of Community and Public Health (DCPH) and Applications for Patient and Caregiver Identification below.. The total estimate of collected fees equals $1,134,000 for FY 2019 and $12,124,800 for FY 2020.

Section 1.3(2)(e) allows them to issue rules creating a range of administrative penalties related to implementation and enforcement of rules that ensure the right to, availability, and safe use of marijuana for medical use. These administrative penalties could include penalty fees but the fee amounts and frequency of penalties issued is unknown at this time.

Section 1.4(1) of the proposed amendment mandates each licensed Medical Marijuana Dispensary facility to collect a four percent tax on the retail sale of all medical marijuana products sold to be collected by the Department of Revenue (DOR). The amount of tax that will be collected is unknown and is referred to the DOR for these estimations.

The DOR may retain up to five percent of the annual taxes collected. The rest of the tax collected is to be deposited by the DOR into the Missouri Veterans' Health and Care Fund. This fund shall consist of all fees and taxes collected by this proposed section.

Division of Community and Public Health (DCPH)

Section 1.3(1) authorizes them to grant or refuse licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by the provisions of Section 1. This section also authorizes them to suspend, fine, restrict, or revoke such licenses and certifications upon any violation of this section or a rule promulgated by them pursuant to this section. They

shall develop such rules, forms, licenses, identification cards, and applications as necessary to implement provisions of this section. They are also required to certify at least two commercially available software products that licensees must use for seed-to-sale tracking standards and issue standards for the certification of secure transportation of marijuana an marijuana-infused products. They are to prepare annually a publicly available report accounting to the Governor for the efficient discharge of all responsibilities assigned to them by this section. They must also establish a system to numerically score applicants for licenses and certificates when the number of applicants are more than the minimum required.

Section 1.3(2) permits them to issue any rules necessary to ensure the right to, availability and safe use of marijuana for medical use by qualifying patients. This includes addressing: requirements for inspections, investigations, searches, seizures, and such additional enforcement activities that may become necessary; the creation of a range of administrative penalties; development of individual identification cards for owner, officers, managers, contractors, employees, and other support staff of entities licensed pursuant to this section; security requirements for any premises licensed; regulation of the storage and transportation of marijuana for medical use; sanitary requirements for the preparation of medical marijuana-infused products; labeling and packaging standards; and records to be kept by the licensees, state licensing procedures for initial licenses, renewals and reinstatements.

Section 1.3(3) requires them to issue rules regarding independent testing and certification for medical marijuana licensees to ensure products that are sold for human consumption are correctly labeled and do not contain contaminants that are injurious to health.

Section 1.3(4) requires them to issue rules to provide for the standards and certification of Medical Marijuana Testing Facilities. They shall certify, if possible, at least two Medical Marijuana Testing Facility entities.

Section 1.3(6) requires them to make available to the public license application forms and (for all types of licensees including testing facilities) and instructions within 180 days of the effective date of this section.

Section 1.3(7) requires them to make available to the public application forms and accompanying instructions for qualifying patients, qualifying patient or caregiver cultivation, and primary caregiver identification cards within 180 days of the effective date of this section. They are also required to accept these applications within 210 days of the effective date of this section.

Section 1.3(18) requires them to begin accepting license and certification application forms and instructions (for dispensary facilities, testing facilities, cultivation facilities, manufacturing facilities, seed-to-sale tracking systems, and transportation entities) no later than 240 days from the effective date and shall either approve or deny within 150 days after submission.

Section 1.3(19) requires them to process a qualifying patient identification card within 30 days of receipt of the application.

Section 1.3(20) requires them to process a primary caregiver identification card within 30 days of receipt of the application.

Information Technology Services Division (ITSD)

Support of an IT vendor to build a data system to support the administration and reporting requirements indicated in Section 1 of Article XVI (Right to Access Medical Marijuana). The system would be used by the department to process applications to include issuance of licenses and identification cards.

Division of Administration

Specific program impact for their department is in the Division of Community and Public Health (DCPH). Each application and license transaction will have an associated fee transaction, which impacts the Division of Administration (DA).

One full-time attorney would be required to assist in drafting emergency and proposed regulations and forms; perform legal research and provide day-to-day legal counsel to the program; and, represent their department in appeals of licensure and identification card denials.

The proposed amendment requires them to adjust (increase or decrease) registration and license fees according to the Consumer Price Index as published by the U.S. Department of Labor. The change in fees collected (increase or decrease) due to this provision is unable to be determined at this time.

Also, the initial application and renewal licensing fees for a cultivation facility, manufacturing facility, and dispensing facility decrease in half after three years from the effective date of this proposal.

Division of Community and Public Health (DCPH)

Applications for Patient and Caregiver Identification

Section 1 requires them to issue registration cards for qualified patients and their caregivers. A study by the nonprofit entity ProCon organization, updated March 2016, published the rates of patient registration cards issued for each state with a medical marijuana program (http://medicalmarijuana.procon.org/view.resource.php?resourceID=005889). This study found that Oregon was issuing qualified patient cards at a ratio of 19.2 per 1,000 state residents. For purposes of this fiscal note, the State of Oregon's program will be benchmarked in regard to the number of patient and primary caregiver registrants. While the Oregon program was initiated in May 1999 and therefore has an established program,

the state of Missouri's chronic disease rates are generally higher and the qualifying medical conditions accepted under Missouri's proposal are broader than those of Oregon.

Calculation of applications:

- Patients: According to the 2015 U.S. Census Bureau information, Missouri's population is at 6,083,672. Applying the rate of 19.2 applications per 1,000 residents, Missouri would estimate issuing 116,807 patient registration cards annually ((6,083,672/1,000) x 19.2)).
- Caregivers: According to the October 1, 2016 data on Oregon's Medical Marijuana Program Website, the ratio of patient registration cards to caregiver cards is calculated at 2.29. Calculating this same ratio, Missouri would estimate issuing 51,007 caregiver cards annually (116,807/2.29).

The proposed effective date of the medical marijuana program is December 6, 2018. They are required to have the applications for the qualifying patient and caregiver identification cards available within 180 days of the effective date (June 6, 2019). Section 1.3(6) requires them to begin accepting applications for the qualifying patient and caregiver cards no later than 210 days from the effective date (July 6, 2019). For purposes of this fiscal note analysis, it is assumed that they will begin accepting applications July 1, 2019 (FY 2020). They will collect an application fee of $25 per card, per Section 1.3(19) and 1.3(20). It is assumed that the fees will be collected in the same fiscal year the applications are received. It is also assumed that ten percent of the initial applicants will submit a renewal application within the same fiscal year.

	FY 2018	FY 2019	FY 2020
Qualifying Patient Initial Applications	0	0	116,807
Qualifying Patient Renewal Applications	0	0	11,681
Caregiver Initial Applications	0	0	51,007
Caregiver Renewal Applications	0	0	5,101
Total Patient & Caregiver Identification Cards	0	0	184,596
Total Patient & Caregiver Application Fees	$0	$0	$4,614,900

Applications for Patient or Caregiver Cultivation Identification Cards

Section 1 requires them to issue identification cards for a qualifying patient or his or her primary caregiver for purposes of cultivating up to six flowering marijuana plants for the exclusive use of the qualifying patient. For purposes of this fiscal note, it is estimated that 10 percent of the qualifying patients will grow marijuana for themselves or it will be grown by their designated primary caregiver. Therefore, it is estimated that 11,681 (116,807 x .10) will be issued in FY 2020. They will collect an annual application fee of $100 per Section 1.3(12). It is also assumed that ten percent of the initial applicants will renew their application within the same fiscal year.

	FY 2018	FY 2019	FY 2020
Cultivation Initial Applications	0	0	11,681
Cultivation Renewal Applications	0	0	1,168
Total Cultivation Identification Cards	0	0	12,849
Total Cultivation Identification Fees	$0	$0	$1,284,900

Application and Licensing of Medical Marijuana Cultivation Facilities

Section 1 authorizes them to establish the application and licensing process of medical marijuana cultivation facilities. For purposes of this fiscal note analysis, it is estimated that 61 facilities will apply and become licensed to fully operate cultivation facilities by the end of FY 2020. This estimate is based on the assumption that they will limit the number of cultivation facilities licensed at the minimum required of one facility per 100,000 residents (6,083,672 Missouri residents/100,000 residents per facility = 61 facilities) as allowed per Section 1.3(15). They must accept applications within 210 days of the effective date of the proposal and therefore assumes that applications will be accepted beginning July 1, 2019 (FY 2020). However, section 1.3(11) allows any application for a license to pre-file their application fee with them beginning 30 days after the effective date (January 6, 2019). They estimates that half of the cultivation facilities that will be licensed in FY 2020 will pre-file their fee in FY 2019. The proposed amendment sets the initial application fee at $10,000 with an additional $25,000 fee for each year of the license for the facilities applying during this time period.

	FY 2018	FY 2019	FY 2020
Cultivation Facility Applications	0	0	61
Cultivation Facility Application Fees ($10,000)	$0	$300,000 (pre-file)	$310,000
Cultivation Facility Annual Licenses	0	0	61
Cultivation Facility Annual License Fees ($25,000)	$0	$0	$1,525,000
Total Cultivation App & License Fees	$0	$300,000	$1,835,000

Application and Licensing of Medical Marijuana Dispensing Facilities

Section 1 authorizes them to establish the application and licensing process of medical marijuana dispensing facilities. For purposes of this fiscal note analysis, it is estimated that 192 facilities will apply and become licensed to fully operate dispensing facilities by the end of FY 2020. This estimate is based on the assumption that they will limit the number of dispensing facilities licensed at the minimum required of twenty-four (24) licenses per each of the current eight U.S. Congressional Districts (24 facilities x 8 districts = 192 facilities) as allowed per Section 1.3(17). They must accept applications within 210 days of the effective date of the proposal and therefore assumes that applications will be accepted beginning July 1, 2019 (FY 2020). However, section 1.3(11) allows any application for a license to pre-file their application fee with them beginning 30 days after the effective date (January 6, 2019). They estimate that half of the dispensing facilities that will be licensed in FY 2020 will pre-file their fee in FY 2019. The proposed amendment sets the initial

application fee at $6,000 with an additional $10,000 fee for each year of the license for the facilities applying during this time period.

	FY 2018	FY 2019	FY 2020
Dispensing Facility Applications	0	0	192
Dispensing Facility Application Fees ($6,000)	$0	$576,000 (pre-file fees)	$576,000
Dispensing Facility Annual Licenses	0	0	192
Dispensing Facility Annual License Fees ($10,000)	$0	$0	$1,920,000
Total Dispensing App & License Fees	$0	$576,000	$2,496,000

Application and Licensing of Medical Marijuana-Infused Products Manufacturing Facilities

Section 1 authorizes them to establish the application and licensing process of medical marijuana-infused products manufacturing facilities. For purposes of this fiscal note analysis, it is estimated that 87 facilities will apply and become licensed to fully operate medical marijuana-infused products manufacturing facilities by the end of FY 2020. This estimate is based on the assumption that they will limit the number of manufacturing facilities licensed at the minimum required of one facility per 70,000 residents (6,083,672 Missouri residents/70,000 residents per facility = 87 facilities) as allowed per Section 1.3(16). They must accept applications within 210 days of the effective date of the proposal and therefore assumes that applications will be accepted beginning July 1, 2019 (FY 2020). However, section 1.3(11) allows any application for a license to pre-file their application fee with them beginning 30 days after the effective date (January 6, 2019). They estimate that half of the medical marijuana-infused products manufacturing facilities that will be licensed in FY 2020 will pre-file their fee in FY 2019. The proposed amendment sets the initial application fee at $6,000 with an additional $10,000 fee for each year of the license for the facilities applying during this time period.

	FY 2018	FY 2019	FY 2020
Manufacturing Facility Applications	0	0	87
Manufacturing Facility Application Fees ($6,000)	$0	$258,000	$264,000
Manufacturing Facility Annual Licenses	0	0	87
Manufacturing Facility Annual License Fees ($10,000)	$0	$0	$870,000
Total Manufacturing Application & License Fees	$0	$258,000	$1,134,000

Certification of Seed-to-Sale Tracking Systems, Transportation Entities, and Medical Marijuana Testing Facilities

Section 1.3.(1)(d) requires them to certify at least two commercially available systems that licensees may use as their seed-to-sale tracking system. For purposes of this fiscal note, it is estimated that they will issue certifications for two commercially available systems.

Section 1.3.(1)(e) requires them to certify entities which demonstrate compliance with transportation standards in order to transport marijuana and marijuana-infused products. For purposes of this fiscal note, it is estimated that all licensed medical marijuana cultivation facilities and marijuana-infused products manufacturing facilities will obtain certification to transport marijuana and marijuana-infused products. Therefore, it is estimated that they will issue 148 certifications for transportation (61 cultivation facilities + 87 manufacturing facilities = 148 total facilities). The certification process will occur simultaneous with the licensure of the facilities.

Section 1.3.(4) requires them to certify at least two facilities as Medical Marijuana Testing Facilities. It is estimated that only two facilities will be certified. The certification will occur in FY 2020.

Section 1.3.(1)(f) allows the department to charge a fee not to exceed $5,000 for any certification issued. It is assumed that they will charge a fee of $5,000 for each certification issued.

	FY 2018	FY 2019	FY 2020
Seed-to-Sale Tracking System Certifications	0	0	2
Transportation Entity Certifications	0	0	148
Medical Marijuana Testing Facility Certifications	0	0	2
Total Certifications	0	0	152
Total Certification Fees ($5,000 ea.)	$0	$0	$760,000

Total Revenue in Application, Licensing, and Certification Fees

	FY 2018	FY 2019	FY 2020
Patient & Caregiver Application Fees	$0	$0	$4,614,900
Patient or Caregiver Cultivation Fees	$0	$0	$1,284,900
Cultivation Facility Fees	$0	$300,000	$1,835,000
Dispensing Facility Fees	$0	$576,000	$2,496,000
Infused Products Manufacturing Fees	$0	$258,000	$1,134,000
Certification Fees	$0	$0	$760,000
Total Fees	**$0**	**$1,134,000**	**$12,124,800**

Program Operations: Staffing

Section 1 requires the establishment of a medical marijuana program through promulgation of rules and implementation of those rules for administration of patient and caregiver identification cards; patient or caregiver cultivation identification cards; licensing of medical marijuana cultivation facilities, dispensing facilities and infused products manufacturing facilities; and certification of seed-to-sale tracking systems, transportation entities, and medical marijuana testing facilities. This also includes the development of all program applications and forms, identification cards, and a computerized database system to allow for the electronic storage of and processing of data needed to issue identification

cards and licenses. As a result, DCPH anticipates the need to hire the following staff beginning on December 6, 2018 (FY 2019) to begin development of the program/system:

One Program Manager Broad Band 2 ($65,000) – will serve as Chief of the Medical Marijuana Bureau. Duties will include overall program management, including involvement in rule promulgation, development of forms, program policies and procedures, information system development, and initial program set-up. This position will also supervise the two Unit (Program) Coordinators, two Investigator III positions, a Health Program Representative III, and a Bureau Administrative Office Support Assistant.

Two Program Coordinators (A30, $50,112, Step H) – will serve as Unit Coordinators. One unit will be responsible for processing patient and caregiver applications, including patient or caregiver cultivation applications. The other unit will be responsible for the applications and licensing and/or certification of the medical marijuana cultivation facilities, dispensing facilities, infused-products manufacturing facilities; testing facilities, transportation entities, and seed-to-sale tracking systems. These positions will be involved in the initial program development with the Bureau Chief, hiring of staff, and development of training for staff. Once the program is operational, the Coordinators responsibilities extend to implementation and maintenance of the program, responsibility for meeting application decision deadlines, and ongoing management responsibilities.

One Health Program Representative III (A24, $39,708. Step G) – duties will include assistance in rule promulgation, program policies and procedures, forms development, information system development/troubleshooting and maintenance, and initial program set-up. This position will serve as the liaison between the Units and IT work on system maintenance and enhancements. This position will also certify the seed-to-sale tracking systems that are commercially available to use by the licensed facilities. This position will also be responsible for establishing materials to educate the public about the program and exhibiting at conferences or other venues to education physicians and the general public.

One Administrative Office Support Assistant (A15, $28,668, Step F) – duties will include providing administrative assistance to the Bureau Chief, Program Coordinators, Investigators, Inspectors, and HPR III positions. As allowed, this position will also assist in initial processing of patient and caregiver applications for registration cards.

The following staff will be hired to begin March 1, 2019. This hire date will allow for training and final program preparation to occur prior to the required release dates for the application forms for patients and caregivers, patient or caregiver cultivators, certifications, and facility licenses:

Two Investigator III positions (A25, $41,184, Step G) – these positions will investigate all instances/complaints of possible fraud or negligence on the behalf of a recommending physician, a registered patient and/or caregiver, a cultivator, or a medical marijuana facility. With a new program of this size and the legalization of something that remains illegal for the majority of the population, it is anticipated that they will receive a fair number of calls reporting instances of possible violations. While two is estimated for purposes of this fiscal

note, it may be necessary to add additional staff after the program is operational for some time. The additional costs remain unknown.

Two Grain Inspector IV positions (A23, $38,304, Step G) – these positions will complete the onsite inspections of the medical marijuana cultivation facilities to monitor compliance with the specific requirements outlined in the proposed amendment and rules that need to be met for initial and continued licensure of a facility. These positions will also be responsible for certifying the cultivation facilities as transportation entities. This specialty position was chosen because the most technical piece involves the process of testing plants for molds, mildew, and pesticides and making sure the facilities are dealing with these issues in a proper way.

One Grain Inspector Compliance Coordinator (A28, $46,056, Step G) – this position coordinates and supervises the work of the Grain Inspector positions; ensuring inspections are completed consistently and timely. This position will also provide technical assistance to the inspectors and make final action decisions/recommendations for problem inspections.

Four Environmental Public Health Specialist IV positions (A27, $44,352, Step G) – these positions will complete the onsite inspections of the medical marijuana dispensing and the medical-marijuana infused-products manufacturing facilities to monitor compliance with the specific requirements outlined in the proposed amendment and rules that need to be met for initial and continued licensure of a facility. These positions will also be responsible for certifying the manufacturing facilities as transportation entities. This specialty position was chosen because the most technical piece involves ensuring sanitation requirements are met and the infused-products are labeled and packaged correctly.

One Environmental Public Health Specialist V position (A28, $46,056, Step G) – this position coordinates and supervises the work of the EPHS IV positions; ensuring inspections are completed consistently and timely. This position also provides technical assistance to the environmental specialists and makes final action decisions/recommendations for problem inspections.

One Health Facilities Consultant (A29, $48,852, Step H) – this position will complete the inspections of the Medical Marijuana Testing Facilities in order to monitor compliance with the specific requirements needed to obtain and maintain certification. This position will also provide technical assistance to the testing facilities to assist with obtaining and maintaining the certification. This specialty position was chosen as this classification currently completes the inspections of other medical laboratories certified by the state.

49 Senior Office Support Assistant (SOSA) positions (A12, $26,340, Step F) – duties will include processing of paper applications to include opening and date stamping of mail, entry of application information into the electronic registry, initial verification of applicant and physician identification, initial application review to include determination of application approval or denial (including incomplete status), preparation of patient and caregiver identification cards, preparation of patient/caregiver cultivation identification cards, initial processing of medical marijuana facility applications, preparation of identification cards for

all owners and employees of the medical marijuana facility licensees, processing revoked cards, and answering of phones and assisting telephone callers.

24 Health Program Representative II (HPR II) positions (A21, $35,640, Step G) – duties will include supervision of the SOSA positions and quality assurance checks of the application entry and initial verification completed by the SOSAs. This position will have responsibility for final approval of application incomplete notices, rejects, revocations, and card issuances. This position will ensure application process deadlines as mandated by proposed amendment are met. This position will also verify all registrations of owners and employees associated with the licensed medical marijuana facilities, including coordination with the Inspectors and Environmental Public Health Specialists for final issuance of facility licenses.

For fiscal note purposes they calculated 45 minutes per patient and caregiver application and 45 minutes per patient or caregiver cultivation application.

197,445 (184,596 patient and caregiver apps + 12,849 cultivation apps) X .75/hour / 2,080 hours per year per staff = 71.2 staff (round to 71 staff).

They calculated 14 hours for the processing of a dispensing facility license application and 15 hours for the processing of the cultivation and manufacturing facility license (additional hour for processing transportation certification application).

(192 dispensing facilities x 14 hours) + (61 cultivation facilities x 15 hours) + (87 infused products manufacturing facilities x 15 hours) = 4,908 total hours/divided by 2,080 hrs/year per staff = 2.4 staff (round to 2 staff). This is a total of 73 processing staff (SOSA and HPR II positions).

Printing Costs

They will print individual identification cards for the qualified patient, caregiver, patient or caregiver cultivation identification card, and identification cards for each owner, board member, employee of the licensed facilities. The cards are encoded with a magnetic stripe for security and linkage to the IT system for dispensing purposes. DCPH will purchase a card delivery system with the ability to print the card with the magnetic stripe, attach the card to a personalized letter, and secure in an envelope ready for mailing. The initial cost of the card delivery system is estimated at $277,000. In addition there will be an annual equipment preventative maintenance fee of $34,000. The average supply cost to print each card is $0.59/card.

They are estimating the number of identification cards to be printed each year per facility licensed to be 25 for a cultivation facility, 10 for a dispensing facility, and 25 for a manufacturing facility. (61 cultivation facilities x 25 = 1,525 cards, 192 dispensing facilities x 10 = 1,920 cards, 87 manufacturing facilities x 25 = 2,175 cards) License certificates will be printed for each facility on special certificate paper (heat sensitive ink background) provided by state printing at a cost of approximately $200 per 1,000 pieces of

certificate paper. The license certificates and identification cards for facilities will not be produced until FY 2020 when the facility becomes licensed.

DCPH will print 100,000 brochures each year the program is operational at a cost of $0.06 per brochure. This brochure will provide the public with information about the medical cannabis program and assistance in completing a valid registration.

FY 2019

- 100,000 brochures ($0.06 per brochure) = $6,000

FY 2020

- 184,596 patient and caregiver cards + 12,849 cultivation cards + 1,525 identification cards for cultivation facilities, 1,920 identification cards for dispensing facilities + 2,175 for manufacturing facilities = 203,065 cards x $0.59 per card/print supplies = $119,808
- 492 Certificates for facility licenses and certifications ($200/1,000) = $200
- 100,000 brochures ($0.06 per brochure) = $6,000

Mailing Costs

Each qualifying patient and primary caregiver will receive his/her card in the mail. If the patient or caregiver applied for a cultivation identification card, that card will be mailed separately. Each licensed facility will be mailed a copy of their license and identification cards. It is estimated that 10 percent of the registered participants, caregivers and patient/caregiver cultivators will submit a change request to their application requiring a change notification receipt by mailing. It is projected that five percent of all applications will be incomplete and requires mailing of an incomplete notice. It is also projected that 25 percent of the printed brochures (25,000) along with paper applications will be mailed to the public upon request. The other printed brochures will be available for distribution at conferences and other public venues.

Projected mailings are as follows:

	FY 2018	FY 2019	FY 2020
Patient and Caregiver ID Cards	0	0	184,596
Cultivation ID Cards	0	0	12,849
Facility Certificates	0	0	492
Facility Identification Cards	0	0	5,620
Change Request Notifications	0	0	17,774
Incomplete Notifications	0	0	8,887
Brochures/app mailed	0	25,000	25,000
Total mailings	**0**	**25,000**	**255,218**

FY 2019

- 25,000 envelopes ($41 per 1,000) = 25 X $41 = $1,025
- Postage (25,000 x $0.39/postage rate) = $9,750

FY 2020

- 255,218 envelopes ($41 per 1,000) = 256 X $41 = $10,496
- Postage (255,218 x $0.39/postage rate) = $99,535

Criminal Records Check

Section 1.3.(2)(h) suggests that individual identification cards for owners, officers, managers, contractors, employees and other support staff of the licensed facilities shall include a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544. Section 1.7(2) states no licensed facility shall have an owner, officer, manager, contractor, employee or other support staff with a disqualifying felony offense. They assumes that as part of the facility license application, the facilities would need to submit a current finger print based criminal record report as would be promulgated in rule. Therefore, they assume no cost for obtaining the fingerprint check.

Information Technology Services Division (ITSD)

Application Storage Costs

In order to manage the final storage of paper applications submitted, Content Manager for electronic scanning and storage will be utilized. The costs for Content Manager are estimated at $132 per month for the state data server costs, $234 for an annual license for each user who needs to view files and $828 for an annual license for each position with ability to scan/import documents. Content Manager services will not be acquired until FY 2020.

Information Systems Development

Estimating a 12 month project duration with a project team consisting of 4 IT Consultants. Applications will be received as paper submissions to the department. System will print licenses and identification cards for physical delivery to the applicant. The system will be hosted in the State Data Center (SDC) on existing virtual servers. Disk space has been estimated at 50 GB for Development and Test with 150 GB estimated for Production. While we have estimated for a system build it is possible COTS solutions are available at a similar cost. Estimated costs are detailed above in the ITSD-DHSS table.

Division of Administration

DHSS-DA assumes one Accounting Clerk can process 30,000 receipt transactions per year. An Accounting Generalist I/II would be needed to supervise for every five Account Clerks.

Accounting Clerk (A12, $26,340, Step F) duties would include:

- Open and sort mail;
- Process and enter receipts in the department computer system;
- Prepare bank deposits and cash receipts documents;
- Reconcile daily receipts;
- Distribute supporting documentation program.

Accounting Generalist I/II (A25, $41,184, Step G) duties would include:

- Supervise and review the work of Accounting Clerks who are processing the fees.

Each application and license would have a fee transaction.

FY2019	FY2020	Transaction
0	184,596	Patient & Caregiver Application
0	12,849	Patient & Caregiver Cultivation Application
30	92	Cultivation Facility Application
96	288	Dispensing Facility Application
43	131	Manufacturing Facility Application
0	152	Certifications
169	198,108	Total Number of Transactions
	6.00 FTE	Accounting Clerk
	1.00 FTE	Accounting Generalist I/II

Office of General Counsel

Legal Counsel ($50,000)

One full-time attorney would be needed to assist in drafting emergency and proposed regulations and forms; perform legal research and provide day-to-day legal counsel to the program; and represent the department in appeals of licensure and identification card denials.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $11,229 in fiscal year 2019, $35,262 in fiscal year 2020, $67,160 in fiscal year 2025 and thereafter.

Results of studies at this time show conflicting results on the criminal impacts of current medical marijuana laws. However, with the increased licensing and regulation there are also increased possibilities of secondary crimes through false physician recommendations, non-compliance in registration, illegal possession, vehicular infractions or injury, and theft. While many of these violations may carry only municipal or licensing level penalties, some would ultimately fall under felony charges.

Thus, the expected impact of IP 18-51 should bring about 2 new prison admissions and 3 new field admissions in the first year of enactment (FY19). The maximum impact should be expected by FY25 and will lead to an additional 3 offenders in prison and 18 offenders in the field.

In addition, this proposal would be impactful to their department in that we currently test our staff for marijuana use and discipline accordingly. If our staff were to live in a household, or visit another person, who is legally using medical marijuana they would then be exposed to second-hand smoke and would likely test positive themselves. There would be no way for us to determine which of our staff are innocently exposed from those who are abusing this substance illegally.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated total fund costs for General Revenue will be $242,855 for fiscal year 2018, $124,921 for fiscal year 2019, and $126,460 for fiscal year 2020, which includes information technology (IT) related costs of $150,012 for fiscal year 2018, $30,752 for fiscal year 2019, and $31,521 for fiscal year 2020 for IT consultants.

This legislation increases total state revenue by an unknown amount from the sales tax collected on the sale of medical marijuana.

Section 4
The legislation levies a four percent tax on the retail sale of medical marijuana by Medical Marijuana Dispensary Facilities. Their department may retain up to five percent for the cost of collection. The petition creates the Missouri Veterans' Health and Care Fund. The Commissioner of Administration may make cash operating transfers to the fund to meet cash requirements in advance of receiving revenues. The tax levied by this section is separate and in addition to any general state and local sales tax that applies to retail sales. Because their department does not have enforcement responsibilities, it may make more sense for the taxes to be paid to the Department of Health and Senior Services and then sent to their department for deposit into the fund.

Administrative Impact:

Collections & Tax Assistance:
This section will see additional registrations, registration phone calls, business tax account update requests, and delinquent phone contacts from the additional businesses registering to collect sales tax on medical marijuana. Collections and Tax Assistance requires two (2) Revenue Processing Technicians I (Range 10, Step L) per 24,000 additional contacts to the registration section and 15,000 contacts annually on the delinquent tax line. Each technician requires CARES equipment.

Business Tax Processing:
Although the legislation bases the four percent tax on the retail selling price, it is separate from sales and use tax. This tax needs to be reported and deposited separately from sales and use tax. This would require new reporting forms and a new program to track and distribute receipts. This will include a new program within the Integrated Tax System.

Officials from the **Department of Public Safety - Office of Director and the Division of Alcohol and Tobacco Control** each indicated they see no fiscal impact due to this initiative petition.

Officials from the **Missouri State Highway Patrol** indicated for the Criminal Records Fund estimated revenue of $179,040 and estimated costs of $67,140 for fiscal year 2018, unknown impact for fiscal year 2019, and unknown impact for fiscal year 2020.

For each fingerprint-based background check processed, the state retains the $20 state fee and $2 of the federal charge for a pass-thru fee.

The proposed legislation would allow medical marijuana for medical use and provide that it shall be taxed at four percent of the retail price.

According to the 2015 United States Census Bureau's census estimate, Missouri's population was 6,083,672. Based on this total, the number of Cultivation Facilities, Dispensary Facilities, and Infused Products Manufacturing Facilities is as follows:

Cultivation Facilities
Assuming a limit is set at the minimum of 1 facility per 100,000 inhabitants per the proposed amendment, 60 licenses for cultivation facilities may be issued. Further estimating an average of 25 employees per facility, the total number of criminal record checks for employees, owners etc. of Cultivation Facilities equals 1,500 (60 x 25).

Dispensing Facilities
Assuming the maximum number of licenses that will be issued in each of the eight United States Congressional Districts in the state of Missouri is 24, the maximum number of licenses issued for Dispensing facilities equals 192 (24 x 8). Further estimating 10 employees per facility, the total number of criminal record checks for employees, owners etc. of Dispensary Facilities equals 1,920 (192 x 10).

Infused Products Manufacturing Facilities
Assuming a limit is set at the minimum of 1 facility per 70,000 inhabitants (per the proposed constitutional amendment) the number of facilities would equal 87 (6,083,672 / 70,000). Further estimating an average of 25 employees per facility, the total number of criminal record checks for employees, owners, etc. of Cultivation Facilities equals 2,175 (87 x 25).

The estimated number of state and federal fingerprint-based criminal record checks estimated to be generated with the passage of this amendment is 5,595 (1,500 for

Cultivation Facilities; 1,920 - Dispensing Facilities; 2,175 - Infused Products Manufacturing Facilities).

The charge for each background check processed is $40.30. Twenty dollars for the state fingerprint check, $12 for the federal check, and an $8.30 charge for the statewide applicant fingerprinting contractor fee ($20 + $12 + 8.30 = $40.30). Of this amount, the state retains the $20 fee and $2 of the federal charge of $12 for a pass-thru fee. The $8.30 charge is paid directly to the vendor at the time of application.

Estimated Revenue FY18
5,595 x $32 (state/federal background check) $179,040

Estimated Expense FY18
5,595 x $12 (federal background check charge) $67,140

Subsequent yearly background checks will be based on turnover.

Estimated Revenue FY19 and beyond
??? x $32 (state/federal background check)

Estimated Expense FY19 and beyond
??? x $12 (federal background check charge)

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** (OA) indicated:

Article XVI, Section 1 allows the Department of Health and Senior Services (DHSS) to grant or refuse state licenses for the cultivation, manufacture, distribution, and sale of marijuana for medical use. This authority includes the creation and imposition of administrative penalties; however, no actual amounts are given.

The article establishes facility license fees for medical marijuana cultivation facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities. Table 1 outlines the fees and renewal periods by facility license

type. In addition to facility fees, Section 3 creates certifications for a seed-to-sale system, transportation, and medical marijuana testing facilities. DHSS is allowed to charge up to $5,000 per certification and must certify at least two seed-to-sale tracking systems and two testing facilities; however, no minimum requirement was listed for the transportation of medical marijuana.

Table 1: Facility License and Annual Fees

Section	Facility License Type	License Fee* Years 1-3	License Fee* Years 3+	Annual Fee*	Renewal Period
3 (8)	medical marijuana cultivation facilities	$10,000	$5,000	$25,000	Every 3 years
3 (9)	medical marijuana dispensary facilities	$6,000	$3,000	$10,000	Every 3 years
3 (10)	medical marijuana-infused products manufacturing facilities	$6,000	$3,000	$10,000	Every 3 years

**License fees and annual fees shall be adjusted each year in accordance with the Consumer Price Index as published by the U.S. Department of Labor.*

Section 3 (12) allows qualifying patients, or his or her primary caregiver, to obtain an identification card allowing for personal cultivation of up to six flowering marijuana plants. Section 3 (19) and Section 3 (20) establish identification cards for qualifying patients of medical marijuana and primary caregivers. Table 2 outlines the fees and renewal periods for the different identification cards.

Table 2: Identification Fees

Section	Identification Type	Fee*	Renewal Period
3 (12)	Personal Cultivation I.D. Card	$100	annually
3 (19)	Qualifying Patient - Identification card	$25	annually
3 (20)	Primary Caregiver - Identification card	$25	annually

**License fees and annual fees shall be adjusted each year in accordance with the Consumer Price Index as published by the U.S. Department of Labor.*

Section 3 (15) states that DHSS may restrict the number of licenses for medical marijuana cultivation facilities; however, the number may not be limited to less than one license per one hundred thousand inhabitants of Missouri. Section 3 (16) states that DHSS may restrict the number of licenses for marijuana-infused products manufacturing facilities; however, the number may not be limited to less than one license per seventy thousand inhabitants of Missouri. Section 3 (17) states that DHSS may limit the number of dispensary facilities to twenty-four licenses in each United States Congressional district. Table 3 outlines the facility count limits and estimates what the facility counts would be based on 2010 U.S. Census data should these limits be implemented. Once the minimum number of facilities has been established, any decrease in the number of inhabitants within Missouri, or changes to the number or boundaries of the Congressional Districts, shall have no impact to the established minimum number of licenses allowed by the article.

Table 3: Facility Count Limits			
Section	**Facility Type**	**Minimum Limit**	**Facility Count**
3 (15)	cultivation facilities	1 per 100,000	60
3 (16)	marijuana-infused products manufacturing facilities	1 per 70,000	86
3 (17)	medical marijuana dispensaries	24 per U.S. Congressional District	192

Section 4 (1) creates a 4% sales tax on the retail sale of marijuana for medical use sold at medical dispensary facilities within the state. Revenues from this tax shall be paid to the Department of Revenue (DOR). DOR may retain up to five percent for collection costs. The remainder shall be deposited in the Missouri Veterans' Health and Care Fund.

Section 4 (2) creates the Missouri Veterans' Health and Care Fund in the state treasury which will consist of taxes and fees collected under this section. This fund shall be a dedicated fund and shall stand appropriated without further legislative action. DHSS shall be appropriated an amount necessary to carry out this section. The remainder shall be transferred to the Missouri Veterans' Commission for health and care services for military veterans.

Section 9 states that the effective date of Article XVI would be December 6, 2018. However, B&P estimates that revenue generation would not begin until at least June 2019 for patients and July 2019 for facilities given the provisions in Section 3.

Using data from Arizona, which has a similar medical marijuana law, B&P estimates that up to 65,547 patients and caregivers could utilize this bill. Of these, up to 2,000 may gain approval for personal cultivation. B&P estimates that annual fees for patients, caregivers, and personal cultivation could generate approximately $1.4M annually by FY 2021, assuming growth is similar to that seen with the Arizona medical marijuana program.

B&P estimates that license fees for medical marijuana facilities could generate approximately $2.3M in FY 2020, and $1.1M every three years thereafter. The initiative petition does not specify whether these facilities would pay the annual fee and a license renewal fee every three years. Therefore, B&P assumes that both would need to be paid in the third year of a license. Table 4 outlines the revenues from the license and annual fees.

Table 4: License and Annual Fees by Patient and Facility Type					
Patient and Facility Type	**Revenue Generated by License Fees**				
	FY 2019	**FY 2020***	**FY 2021***	**FY 2022***	**FY 2023***
Patients and Caregivers**	$87,000	$1,046,000	$1,186,000	$1,704,000	$1,737,000
Personal Cultivation**	$17,000	$200,000	$204,000	$208,000	$212,000
Cultivation Facilities^		$600,000	$1,531,000	$1,561,000	$1,905,000
Infused Product Manufacturer^		$516,000	$879,000	$896,000	$1,183,000
Dispensary^		$1,152,000	$1,962,000	$2,000,000	$2,642,000
Total	**$104,000**	**$3,514,000**	**$5,762,000**	**$6,369,000**	**$7,679,000**

**Assumes 2% inflation*

***Assumes growth similar to that seen in the medical marijuana program in Arizona*

^ Assumes a 1.2% turnover rate in facility licenses

Section 4 requires a four percent sales tax to be applied to all sales of marijuana products, in addition to current state and local sales tax. Based on sales data from Arizona during 2014 of $110M and 2015 of approximately $155.7M, B&P calculates that this provision could increase TSR by $6.6M and GR by $4.7M once fully implemented. Table 5 outlines the estimated revenues from each tax and where revenues will be directed.

Table 5: Sales Tax Revenues					
Sales Tax Fund	**Revenue Generated by Sales Tax**				
	FY 2019	**FY 2020***	**FY 2021***	**FY 2022***	**FY 2023***
Missouri Veterans' Health and Care Fund		$2,200,000	$6,229,000	$6,229,000	$6,229,000
General Revenue		$1,650,000	4,672,000	4,672,000	4,672,000
Education		$550,000	$1,557,000	$1,557,000	$1,557,000
Parks, Soil, and Water		$55,000	$156,000	$156,000	$156,000
Conservation		$69,000	$195,000	$195,000	$195,000
Total	**$0**	**$4,524,000**	**$12,809,000**	**$12,809,000**	**$12,809,000**

**Based on sales data from Arizona during 2014 and 2015*

B&P estimates that all provisions in this initiative petition could increase TSR by $2.3M and GR by $1.7M in FY20. In FY21, TSR could increase by $6.6M and GR by $4.7M. This initiative petition will not impact the calculations under 18(e).

Table 6: Summary of Revenue Generated by Medical Marijuana Taxes and Fees					
Revenue Source	**Revenue Generated by License Fees**				
	FY 2019	**FY 2020**	**FY 2021***	**FY 2022***	**FY 2023***
License and Annual Fees					
*Patients and Caregivers***	0.1	1.0	1.2	1.7	1.7
Personal Cultivation**	0.0	0.2	0.2	0.2	0.2
Cultivation Facilities^		0.6	1.5	1.6	1.9
Infused Product Manufacturer^		0.5	0.9	0.9	1.2
Dispensary^		1.2	2.0	2.0	2.6
Total License and Annual Fees:	0.1	3.5	5.8	6.4	7.7
Sales Tax^^					
Missouri Veterans' Health and Care Fund		2.2	6.2	6.2	6.2
General Revenue		1.7	4.7	4.7	4.7
Education		0.6	1.6	1.6	1.6
Parks, Soil, and Water		0.1	0.2	0.2	0.2
Conservation		0.1	0.2	0.2	0.2
Total Sales Tax:		4.5	12.8	12.8	12.8
Total Revenue to Missouri Veterans' Health and Care Fund	**0.1**	**5.7**	**12.0**	**12.6**	**13.9**
Total State Revenues		**2.3**	**6.6**	**6.6**	**6.6**
Total Local Sales Tax		**2.0**	**5.7**	**5.7**	**5.7**

figures in $M

**Assumes 2% inflation*

***Assumes growth similar to that seen in the medical marijuana program in Arizona*

^ Assumes a 1.2% turnover rate in facility licenses

^^Based on sales data from Arizona during 2014 and 2015

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted

each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated sales taxes could be collected. No amount can be reasonably estimated.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this will not have a fiscal impact on the local government.

Officials from **University of Missouri** indicated the University of Missouri Health Care (MUHC) has reviewed the proposed initiative petition and determined that the fiscal impact should not exceed $100,000 annually.

Joy Sweeney, Executive Director, Council for Drug Free Youth provided the following information for this initiative petition.

Fiscal Impact of Marijuana Legalization

The fiscal impact of marijuana legalization is far reaching. Colorado has provided a great deal of data for Missouri to utilize to determine the impact legalization will have here.

The information in this report is from The Rocky Mountain High Intensity Drug Trafficking Area (HIDTA) Report[1], and it provides a basis of study for the effects of the legalization of marijuana, including fiscal ramifications. The American Society of Addiction Medicine (ASAM) "asserts that the anticipated public health costs of marijuana legalization are significant…"[2] **It is important to note the various costs incurred with legalization, including enforcement, prevention, education, treatment, medical costs, etc.** By utilizing the HIDTA Report, Missouri can predict the cost to the state. A summary of their findings follows:

Colorado tracked data from three waves of marijuana legalization:

- 2006-2008 is the "early medical marijuana era"
- 2009-Present is the "medical marijuana commercialization and expansion era"
- 2013-Present is the "recreational marijuana era"

<u>Impaired Driving</u>

Marijuana-related traffic deaths increased 48 percent in the three-year average (2013-2015) since Colorado legalized recreational marijuana compared to the three-year average (2010-2012) prior to legalization.

During the same time, all traffic deaths increased 11 percent.

Marijuana-related traffic deaths increased 62 percent from 71 to 115 persons after recreational marijuana was legalized in 2013.

In 2009, Colorado marijuana-related traffic deaths involving operators testing positive for marijuana represented 10 percent of all traffic fatalities. By 2015, that number doubled to 21 percent.

The Colorado State Patrol DUID Program 2015 data includes:

- 77 percent (665) of the 862 DUIDs involved marijuana
- 40 percent (347) of the 862 DUIDs involved marijuana only

Average Marijuana Related Fatalities increased 48% between 2008-2012 and 58% between 2012-2015.

Operators involved in fatalities testing positive for marijuana more than tripled:

- 2006 was 4.03%
- 2009 was 6.41%
- 2013 was 8.97%

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[1] *Rocky Mountain High Intensity Drug Trafficking Area*. "The Legalization of Marijuana in Colorado: The Impact". Volume 4, September 2016. http://www.rmhidta.org/html/2016%20FINAL%20Legalization%20of%20Marijuana%20in%20Colorado%20The%20Impact.pdf

[2] American Society of Addiction Medicine, *State-Level Proposals to Legalize Marijuana*, http://www.asam.org/advocacy/find-a-policy-statement/view-policy-statement/public-policy-statements/2012/07/30/state-level-proposals-to-legalize-marijuana, July 2012.

- 2015 was 12.06%

Effects on Youth

From school years 2008-2014, **drug related suspensions/expulsions increased 40%.**
58% of all drug related expulsions were for marijuana.

Past month marijuana use for youth aged 12-17 reports:

National rates	Colorado rates
2008-6.72 % of youth	2008-8.75% of youth
2014-7.22% of youth	2014-11.74% of youth

Referrals to Law Enforcement

In 2006, total drug related referrals to law enforcement were 23.4%; compared to alcohol at 8%.
In 2016, total referrals were 29.7%, compared to 4.3% for alcohol.
In the 2015/16 school year, 73% of all drug related referrals were for marijuana.

Emergency Room Visits Related to Marijuana

2012-9,982
2013-12,888
2014-18,255
From 2012-2014, there was a 49% increase.

Total of all hospitalizations that were marijuana related:
2000-2,541
2013-8,078
2014-9,856

The national **average percent of children ages 0-5 reported for marijuana exposure** from 2010-2013 was 4.97%. **In Colorado it was 17.81%**

Between 2003 and 2013, accidental marijuana exposure to youth under age six increased by about 150 percent.

Treatment Admissions for Marijuana

Data from Colorado from 2005-2013 doesn't demonstrate a definitive trend and averages about 6,500 admissions a year….There may be a drop in treatment admissions for marijuana abuse among adults because of a reduction in criminal justice referrals through diversion and drug courts due to fewer people entering the system.

73.6% of youth in the Denver Health Clinic youth are male, the mean age is 15.8 years, and 98.1% are there primarily for cannabis use disorder.

Other Pertinent Information

- As of January 2016, there were 424 retail marijuana stores in the state of Colorado compared to 322 Starbucks and 202 McDonald's.
- 68 percent of local jurisdictions have banned medical and recreational marijuana businesses.
- From 2014 to 2015, property crime increased 6.2 percent, violent crime increased 6.7 percent, and all crime increased 6.2 percent.
- 93% of CO medical marijuana card holders obtained it to treat "severe pain"

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College,** and the **Lieutenant Governor's Office**.

Fiscal Note Summary

This proposal is estimated to generate annual taxes and fees of $18 million for state operating costs and veterans programs, and $6 million for local governments. Annual state operating costs are estimated to be $7 million.

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 29, 2016

STATE AUDITOR'S OFFICE
RECEIVED
NOV 29 2016
RECEIVED

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sheila Dundon regarding a proposed constitutional amendment to Article XVI, version 2 (2018-052)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sheila Dundon on November 28, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2016 NOV 28 PM 2:42
MO SEC. OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF_____

I, _____ being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.	/ /					
2.	/ /					
3.	/ /					
4.	/ /					
5.	/ /					
6.	/ /					
7.	/ /					
8.	/ /					
9.	/ /					
10.	/ /					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____
(Name of payer)

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____
Signature of Notary

_____
Address of Notary (Street, City, State & Zip Code)

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XVI is created by enacting one new section to be known as Section 1 of Article XVI, to read as follows:

Section 1. Right to Access Medical Marijuana

1. **Purposes**

This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician.

This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for nonmedical purposes. The section does not allow for the public use of marijuana and driving under the influence of marijuana.

2. **Definitions**

(1) "Administer" means the direct application of marijuana to a Qualifying Patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a Qualifying Patient's physician.

(2) "Department" means the Department of Health and Senior Services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) "Marijuana" or "Marihuana" means ***Cannabis indica***, ***Cannabis sativa***, and ***Cannabis ruderalis***, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" or "Marihuana" do not include industrial hemp containing a crop-wide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) "Marijuana-Infused Products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(7) "Medical Marijuana Cultivation Facility" means a facility licensed by the Department, to acquire, cultivate, process, store, transport, and sell marijuana to a Medical

Marijuana Dispensary Facility, Medical Marijuana Testing Facility, or to a Medical Marijuana-Infused Products Manufacturing Facility.

(8) "Medical Marijuana Dispensary Facility" means a facility licensed by the Department, to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section to a Qualifying Patient, a Primary caregiver, another Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or a Medical Marijuana-Infused Products Manufacturing Facility.

(9) "Medical Marijuana-Infused Products Manufacturing Facility" means a facility licensed by the Department, to acquire, store, manufacture, transport, and sell marijuana-infused products to a Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or to another Medical Marijuana-Infused Products Manufacturing Facility.

(10) "Medical Marijuana Testing Facility" means a facility certified by the Department, to acquire, test, certify, and transport marijuana.

(11) "Medical use" means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a Qualifying Patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(12) "Physician" means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(13) "Physician certification" means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that, in the physician's professional opinion, the patient suffers from a qualifying medical condition.

(14) "Primary caregiver" means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a Qualifying Patient and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the Department.

(15) "Qualifying medical condition" means the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, post-traumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(16) "Qualifying Patient" means a Missouri resident diagnosed with at least one qualifying medical condition.

3. **Creating Patient Access to Medical Marijuana**

(1) In carrying out the implementation of this section, the Department shall have the authority to:

(a) Grant or refuse state licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses and certifications upon a violation of this section or a rule promulgated pursuant to this section; and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section.

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical use and for the enforcement of this section so long as patient access is not restricted unreasonably and such rules are reasonably necessary for patient safety or to restrict access to only licensees and Qualifying Patients.

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a Qualifying Patient or Primary Caregiver to ensure that no medical marijuana grown by a Medical Marijuana Cultivation Facility or manufactured by a Medical Marijuana-Infused Products Manufacturing Facility is sold or otherwise transferred except by a Medical Marijuana Dispensary Facility. The Department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees.

(e) Issue standards for the secure transportation of Marijuana and Marijuana-Infused Products. The Department shall certify entities which demonstrate compliance with its transportation standards to transport Marijuana and Marijuana-Infused Products to a Medical Marijuana Cultivation Facility, a Medical Marijuana-Infused Products Manufacturing Facility, a Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or another entity with a transportation certification. The Department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport cannabis.

(f) The Department may charge a fee not to exceed $5,000 for any certification issued pursuant to this section.

(g) Prepare and transmit annually a publicly available report accounting to the Governor for the efficient discharge of all responsibilities assigned to the Department under this section;

(h) Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following: (i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers; (ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, plans to ensure safety and security of Qualifying Patients and the community, procedures to be used to prevent diversion, and any plan for making Marijuana available to low-income Qualifying Patients; (iii) site security; (iv) experience in a legal cannabis market; (v) in the case of Medical Marijuana Testing Facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience; (vi) the potential for positive economic impact in the site community; (vii) in the case of Medical Marijuana Cultivation Facilities, capacity or experience with agriculture, horticulture, and health care; (viii) in the case of Medical Marijuana Dispensary Facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients; (ix) in the case of Medical Marijuana-Infused Products Manufacturing Facilities, capacity or experience with food and beverage manufacturing; and (x) maintaining competitiveness in the marijuana for medical use marketplace. In ranking applicants and awarding licenses and certificates, the Department may consult or contract with other public agencies with relevant expertise regarding these factors. The Department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by Qualifying Patients.

(2) The Department shall issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana for medical use by Qualifying Patients. In developing such rules or emergency rules, the Department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the Department may issue rules or emergency rules relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license or certification issued pursuant to this section;

(b) Specifications of duties of officers and employees of the Department;

(c) Instructions or guidance for local authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the Department;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises provided that the rules may not prevent or unreasonably restrict appropriate signs on the property of the Medical Marijuana Dispensary Facility, product display and examination by the Qualifying Patient and/or Primary caregiver, listings in business directories including phone books, listings in marijuana-related or medical publications, or the sponsorship of health or not for profit charity or advocacy events;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed or certified pursuant to this section, including a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the Department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days. Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530;

(i) Security requirements for any premises licensed or certified pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the Department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical Marijuana-Infused Products;

(l) The specification of acceptable forms of picture identification that a Medical Marijuana Dispensary Facility may accept when verifying a sale;

(m)Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(p) The reporting and transmittal of tax payments;

(q) Authorization for the Department of Revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(3) The Department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and requiring licensees to test medical marijuana using one or more impartial, independent laboratories to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health, to ensure correct labeling and measure potency. The Department shall not require any medical marijuana or medical marijuana-infused products to be tested more than once prior to sale.

(4) The Department shall issue rules or emergency rules to provide for the certification of and standards for Medical Marijuana Testing Facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The Department shall certify, if possible, at least two entities as Medical Marijuana Testing Facilities. No Medical Marijuana Testing Facility shall be owned by an entity under substantially common control, ownership, or management as

a Medical Marijuana Cultivation Facility, Medical Marijuana-Infused Product Manufacturing Facility, or Medical Marijuana Dispensary Facility.

(5) The Department shall maintain the confidentiality of reports or other information obtained from an applicant or licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients may be used only for a purpose authorized by federal law and this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card.

(6) Within one hundred eighty days of the effective date of this section, the Department shall make available to the public license application forms and application instructions for Medical Marijuana Cultivation Facilities, Medical Marijuana Testing Facilities, Medical Marijuana Dispensary Facilities, and Medical Marijuana-Infused Products Manufacturing Facilities.

(7) Within one hundred eighty days of the effective date of this section, the Department shall make available to the public application forms and application instructions for Qualifying Patient, Qualifying Patient cultivation, and Primary caregiver identification cards. Within two hundred ten days of the effective date of this section, the Department shall begin accepting applications for such identification cards.

(8) An entity may apply to the Department for and obtain one or more licenses to grow marijuana as a Medical Marijuana Cultivation Facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the Department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the Department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the Department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three Medical Marijuana Cultivation Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(9) An entity may apply to the Department for and obtain one or more licenses to operate a Medical Marijuana Dispensary Facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five Medical Marijuana Dispensary Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(10) An entity may apply to the Department for and obtain one or more licenses to operate a Medical Marijuana-Infused Products Manufacturing Facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three Medical Marijuana-Infused Products Manufacturing Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(11) Any applicant for a license authorized by this section may pre-file their application fee with the Department beginning 30 days after the effective date of this section.

(12) Except for good cause, a Qualifying Patient or his or her Primary caregiver may obtain an identification card from the Department to cultivate up to six flowering marijuana plants for the exclusive use of that Qualifying Patient. The card shall be valid for twelve months from its date of issuance and shall be renewable with the annual submittal of a new or updated physician's certification. The Department shall charge an annual fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(13) The Department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single Qualifying Patient in a thirty day period, provided that limit is not less than four ounces of dried, unprocessed marijuana, or its equivalent. Any such limit shall not apply to a Qualifying Patient with written certification from two independent physicians that there are compelling reasons why the Qualifying Patient needs a greater amount than the limit established by the Department.

(14) The Department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a sixty day supply of dried, unprocessed marijuana, or its equivalent. A Primary caregiver may possess a separate legal limit for each Qualifying Patient under their care and a separate legal limit for themselves if they are a Qualifying Patient. Qualifying Patients cultivating marijuana for medical use may possess up to a ninety day supply, so long as the supply remains on property under their control. Any such limit shall not apply to a Qualifying Patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor to Department sanctions, including an administrative penalty and loss of their patient identification card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by imprisonment of up to one year and a fine of up to two thousand dollars.

(15) The Department may restrict the aggregate number of licenses granted for Medical Marijuana Cultivation Facilities, provided, however, that the number may not be limited to fewer than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(16) The Department may restrict the aggregate number of licenses granted for Marijuana-Infused Products Manufacturing Facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most

recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(17) The Department may restrict the aggregate number of licenses granted for Medical Marijuana Dispensary Facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States Congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on the effective date of this section. Future changes to the boundaries of or the number of congressional districts shall have no impact.

(18) The Department shall begin accepting license and certification applications for Medical Marijuana Dispensary Facilities, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred forty days after the effective date of this section. Applications for licenses and certifications under this section shall be approved or denied by the Department no later than one hundred fifty days after their submission. If the Department fails to carry out its non-discretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the Department to approve or deny the application.

(19) Qualifying Patients under this section shall obtain and annually renew an identification card or cards from the Department. The Department shall charge a fee of twenty-five dollars per year per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Upon receiving an application for a Qualifying Patient identification card or Qualifying Patient cultivation identification card, the Department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the Department fails to deny and fails to issue a card to an eligible Qualifying Patient within thirty days, then their physician certification shall serve as their Qualifying Patient identification card or Qualifying Patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a Qualifying Patient identification card or Qualifying Patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(20) Primary caregivers under this section shall obtain and annually renew an identification card from the Department. The Department shall charge a fee of twenty-five dollars per year, with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. Upon receiving an application for a Primary caregiver identification card, the Department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(21) All marijuana for medical use sold in Missouri shall be cultivated in a licensed Medical Marijuana Cultivation Facility located in Missouri.

(22) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a Medical Marijuana-Infused Products Manufacturing Facility.

(23) The denial of a license, license renewal, or identification card by the Department shall be appealable to the Administrative Hearing Commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the Department shall be subject to judicial review as provided by law.

(24) No elected official shall interfere directly or indirectly with the Department's obligations and activities under this section.

(25) The Department shall not have the authority to apply or enforce any rule or regulation that would impose an undue burden on any one or more licensees or

certificate holders, any Qualifying Patients, or act to undermine the purposes of this section.

4. **Taxation and Reporting**

(1) A tax is levied upon the retail sale of marijuana for medical use sold at Medical Marijuana Dispensary Facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed Medical Marijuana Dispensary Facility and paid to the Department of Revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the Department of Revenue into the Missouri Veterans' Health and Care Fund. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund," which shall consist of taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The Commissioner of Administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the Department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the Department, an amount necessary for the Department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, the remainder of such funds shall be transferred to the Missouri Veterans Commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri Veterans Homes, the Missouri Service Officer's Program, and other services for veterans approved by the Commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri Veterans Commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All monies from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies, by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the Department and the Department of Revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from, and in addition to, any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

(6) The fees and taxes provided for in this Article XVI, Section 1 shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

(7) The unexpended balance existing in the fund shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.

5. **Additional Patient, Physician, Caregiver and Provider Protections**

(1) Except as provided in this section, the possession of marijuana in quantities less than the limits of this section, or established by the Department, and transportation of marijuana from a Medical Marijuana Dispensary Facility to the Qualifying Patient's residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand to the appropriate authority a valid Qualifying Patient identification card; a valid Qualifying Patient cultivation identification card; a valid physician certification while making application for an identification card; or a valid Primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a Qualifying Patient identification card or use marijuana for medical use.

(3) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri State Board of Registration for the Healing Arts, or its successor agency, for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or providing health care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A Medical Marijuana Testing Facility shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by non-emancipated Qualifying Patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A Primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use to a qualifying patient or participating in the patient cultivation of up to six flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct.

(8) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to prospective or licensed Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana Dispensary Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, Qualifying Patients, Primary caregivers, physicians, health care providers or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(9) Actions and conduct by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities licensed or registered with the Department, or their employees or agents, as permitted by this section and in compliance with Department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.

6. **Legislation**

Nothing in this section shall limit the General Assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of Qualifying Patients to access marijuana for medical use as granted by this section.

7. **Additional Provisions**

(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

(b) Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; or

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana; or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the influence of marijuana while at work or disciplining the employee or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana.

(2) No Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility, or entity with a transportation certification shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the Department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The Department may consult with and rely on the records, advice and recommendations of the Attorney General and the Department of Public Safety, or their successor entities, in applying this subdivision.

(3) All Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, and Medical Marijuana-Infused Products Manufacturing Facility licenses, entities with Medical Marijuana Testing Facility certifications, and entities with transportation certifications shall be held by entities that are majority owned by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, entities outside the state of Missouri may own a minority stake in such entities.

(4) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional Department sanction, up to and including loss of license.

(5) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, in a font size at least as large as the largest other font size used on the package, as containing "Marijuana," or a "Marijuana-Infused Product." Violation of this prohibition shall subject the violator to Department sanctions, including an administrative penalty.

(6) No individual shall serve as the Primary caregiver for more than three Qualifying Patients.

(7) No Qualifying Patient shall consume marijuana for medical use in a public place, unless provided by law. Violation of this prohibition shall subject the violator to sanctions as provided by general law.

(8) No person shall extract resins from marijuana using dangerous materials or combustible gases without a Medical Marijuana-Infused Products Manufacturing Facility license. Violation of this prohibition shall subject the violator to Department sanctions, including an administrative penalty and, if applicable, loss of their identification card, certificate, or license for up to one year.

(9) All Qualifying Patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the Qualifying Patient or by such patient's Primary caregiver. Two Qualifying Patients, who both hold valid Qualifying Patient cultivation identification cards, may share one enclosed, locked facility. No more than twelve Qualifying Patient or Primary caregiver cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a Primary caregiver also holds a Qualifying Patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.

(10) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, Medical Marijuana-Infused Products Manufacturing Facility, Medical Marijuana Testing Facility, or entity with a transportation certification shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the Department, not to be unreasonably withheld.

(11) Unless allowed by the local government, no new Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. No local government shall prohibit Medical Marijuana

Cultivation Facilities, Medical Marijuana Testing Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana-Infused Products Manufacturing Facility, Medical Marijuana Dispensary Facility, or entity holding a transportation certification that may operate in such locality.

(12) Unless superseded by federal law or an amendment to this Constitution, a physician shall not certify a qualifying condition for a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic, or in another commonly used format. A Qualifying Patient must obtain a new physician certification at least annually.

(13) A physician shall not issue a certification for the medical use of marijuana for a non-emancipated Qualifying Patient under the age of eighteen without the written consent of the Qualifying Patient's parent or legal guardian. The Department shall not issue a Qualifying Patient identification card on behalf of a non-emancipated Qualifying Patient under the age of eighteen without the written consent of the Qualifying Patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a Primary caregiver for a non-emancipated Qualifying Patient under the age of eighteen. Only the Qualifying Patient's parent or guardian shall purchase or possess medical marijuana for a non-emancipated Qualifying Patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a non-emancipated Qualifying Patient under the age of eighteen

(14) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for Qualifying Patient use.

(15) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

8. **Severability**

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

9. **Effective Date**

The provisions of this section shall become effective on December 6, 2018.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-052)

Subject

Initiative petition from Sheila Dundon regarding a proposed constitutional amendment to Article XVI of the Constitution of Missouri. (Received November 29, 2016)

Date

December 19, 2016

Description

This proposal would amend Article XVI of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Lieutenant Governor's Office**.

Joy Sweeney, Executive Director, Council for Drug Free Youth provided information for this initiative petition to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated this proposal authorizes the Department of Health and Senior Services to issue new licenses for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use. It requires their department to promulgate rules necessary for the implementation and enforcement of the proposal, develop forms and issue standards in addition to licensure and certification of facilities. The proposal requires a minimum of 60 licenses for cultivation facilities (one per every 100,000 inhabitants), a minimum of 85 licenses for manufacturing facilities (one per 70,000 in inhabitants), and a minimum of 192 medical marijuana dispensary facilities (24 per each Congressional district). Licensure and certification is subject to AHC appeal and judicial review. AGO assumes it would need 2 AAG Is to provide legal representation regarding issuance, denial, and discipline of licenses and promulgation of and challenges to administrative rules. If adopted this proposal would increase AGO operating expenses of $139,474 for FY2018; $150,610 for FY2019; and $152,155 for FY2020.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated the costs will be $0 for fiscal year 2018, $3,062,147 for fiscal year 2019, and $7,035,064 for fiscal year 2020. The revenues will be $0 for fiscal year 2018, $1,134,000 for fiscal year 2019, and $12,124,800 for fiscal year 2020.

This proposal is not an entire duplication, however; Section 192.945, RSMo allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for persons who are issued a registration card due to a debilitating medical condition. Under this proposal, patients with intractable epilepsy could also qualify to receive a registration card for medical marijuana use.

Rental space for 97 FTE located in Jefferson City: 97.00 FTE x 230 sq ft/FTE x $21.00/sq. ft. = $468,510.

The proposed language would legalize the use of marijuana for medicinal purposes. There could be an unknown impact on small businesses that serve as cultivators, manufacturers, dispensary facilities, testing and/or transportation centers.

Fiscal Note	18-006		ITSD - DHSS		
Bill Number	Initiative Petition				
Will a new system be required?		X	Yes		No
Indicate fiscal year when fully implemented			FY	2020	

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2018	FY 2019	FY 2020
General Revenue	-	-	-
Other	-	309,634.50	309,653.50
Federal Funds	-	-	-
Total	-	309,634.50	309,653.50

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 0

New	Rate	Hours	FY 2018 $	FY 2019 $	FY 2020 $
IT Consultants	75	8,237.16	-	308,893.50	308,893.50
Other Costs:					
Disk Storage (SAN)	45.36	12	-	558.00	572.00
Backup and Recovery (DistSys Backup-Recovery)	0.49	365	-	183.00	188.00
Section Total Other Costs:			-	741.00	760.00
Section Total Expenditures:			-	309,634.50	309,653.50

Section Funding:				
General Revenue	-	309,634.50	309,653.50
Federal	-	-	-
Other	-	-	-
Total	-	309,634.50	309,653.50

The proposed constitutional amendment requires their department to issue annual registrations for patients and their designated caregivers, patient and caregiver cultivators, medical marijuana cultivation facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities. In addition, the amendment

requires their department to certify seed-to-sale tracking systems, transportation entities, and testing facilities.

The proposal allows for the following registration/license fees to be collected:

	Initial Application and Annual Renewal
Qualifying Patient ID Card	$25.00
Primary Caregiver ID Card	$25.00
Patient or Caregiver Cultivation ID Card	$100.00

	Within 3 years of Effective Date of Proposal (December 6, 2018 – December 6, 2021)		After 3 years of Effective Date (after December 6, 2021)	
	Initial Application or Renewal Application Non-Refundable License Fee (3 yr. license)	Annual Licensing Fee	Initial Application or Renewal Application Non-Refundable License Fee (3 yr. license)	Annual Licensing Fee
Medical Marijuana Cultivation Facility	$10,000	$25,000	$5,000	$25,000
Medical Marijuana Dispensary Facility	$6,000	$10,000	$3,000	$10,000
Medical Marijuana-Infused Products Manufacturing	$6,000	$10,000	$3,000	$10,000

	Certification Fee
Seed-to-Sale Tracking System	Up to $5,000
Medical Marijuana Testing Facility	Up to $5,000

The provisions of this section shall become effective on December 6, 2018. According to the proposed provisions of this section, they shall make available to the public all license application forms (cultivation, dispensary, manufacturing and testing facilities) and the application forms for qualifying patients, caregivers, and qualifying patient cultivation identification cards within 180 days of the effective date of the section (June 6, 2019). They shall accept all applications for patients, caregivers and cultivators no later than 210 days following the effective date of this section (July 6, 2019). They shall accept applications for dispensary facilities, testing facilities, cultivation facilities, manufacturing facilities, seed-to-sale tracking systems, and transportation entities no later than 240 days after the effective date of this section (August 6, 2019). The provisions of this section also allow any applicant for a license to pre-file their application fee with them beginning 30 days after the effective date of this section (January 6, 2019). For purposes of this fiscal note, it is assumed that the first fees for license applications (pre-file) would be accepted January 6, 2019 (FY 2019). The first fees for patient, caregivers, and cultivators are assumed to be collected beginning July 1, 2019 (FY 2020). The first certification fees (seed-to-sale, testing, and transportation) are assumed to be collected beginning July 1, 2019 (FY 2020) as well.

The estimations for the number of each type of registration, license and certification issued each year are detailed under the headings Division of Community and Public Health (DCPH) and Applications for Patient and Caregiver Identification below. The total estimate of collected fees equals $1,134,000 for FY 2019 and $12,124,800 for FY 2020.

Section 1.3(2)(e) allows them to issue rules creating a range of administrative penalties related to implementation and enforcement of rules that ensure the right to, availability, and safe use of marijuana for medical use. These administrative penalties could include penalty fees but the fee amounts and frequency of penalties issued is unknown at this time.

Section 1.4(1) of the proposed amendment mandates each licensed Medical Marijuana Dispensary facility to collect a four percent tax on the retail sale of all medical marijuana products sold to be collected by the Department of Revenue (DOR). The amount of tax that will be collected is unknown and is referred to the DOR for these estimations.

The DOR may retain up to five percent of the annual taxes collected. The rest of the tax collected is to be deposited by the DOR into the Missouri Veterans' Health and Care Fund. This fund shall consist of all fees and taxes collected by this proposed section.

Division of Community and Public Health (DCPH)

Section 1.3(1) authorizes them to grant or refuse licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by the provisions of Section 1. This section also authorizes them to suspend, fine, restrict, or revoke such licenses and certifications upon any violation of this section or a rule promulgated by them pursuant to this section. They

shall develop such rules, forms, licenses, identification cards, and applications as necessary to implement provisions of this section. They are also required to certify at least two commercially available software products that licensees must use for seed-to-sale tracking standards and issue standards for the certification of secure transportation of marijuana an marijuana-infused products. They are to prepare annually a publicly available report accounting to the Governor for the efficient discharge of all responsibilities assigned to them by this section. They must also establish a system to numerically score applicants for licenses and certificates when the number of applicants are more than the minimum required.

Section 1.3(2) permits them to issue any rules necessary to ensure the right to, availability and safe use of marijuana for medical use by qualifying patients. This includes addressing: requirements for inspections, investigations, searches, seizures, and such additional enforcement activities that may become necessary; the creation of a range of administrative penalties; development of individual identification cards for owner, officers, managers, contractors, employees, and other support staff of entities licensed pursuant to this section; security requirements for any premises licensed; regulation of the storage and transportation of marijuana for medical use; sanitary requirements for the preparation of medical marijuana-infused products; labeling and packaging standards; and records to be kept by the licensees, state licensing procedures for initial licenses, renewals and reinstatements.

Section 1.3(3) requires them to issue rules regarding independent testing and certification for medical marijuana licensees to ensure products that are sold for human consumption are correctly labeled and do not contain contaminants that are injurious to health.

Section 1.3(4) requires them to issue rules to provide for the standards and certification of Medical Marijuana Testing Facilities. They shall certify, if possible, at least two Medical Marijuana Testing Facility entities.

Section 1.3(6) requires them to make available to the public license application forms and (for all types of licensees including testing facilities) and instructions within 180 days of the effective date of this section.

Section 1.3(7) requires them to make available to the public application forms and accompanying instructions for qualifying patients, qualifying patient or caregiver cultivation, and primary caregiver identification cards within 180 days of the effective date of this section. They are also required to accept these applications within 210 days of the effective date of this section.

Section 1.3(18) requires them to begin accepting license and certification application forms and instructions (for dispensary facilities, testing facilities, cultivation facilities, manufacturing facilities, seed-to-sale tracking systems, and transportation entities) no later than 240 days from the effective date and shall either approve or deny within 150 days after submission.

Section 1.3(19) requires them to process a qualifying patient identification card within 30 days of receipt of the application.

Section 1.3(20) requires them to process a primary caregiver identification card within 30 days of receipt of the application.

Information Technology Services Division (ITSD)

Support of an IT vendor to build a data system to support the administration and reporting requirements indicated in Section 1 of Article XVI (Right to Access Medical Marijuana). The system would be used by the department to process applications to include issuance of licenses and identification cards.

Division of Administration

Specific program impact for their department is in the Division of Community and Public Health (DCPH). Each application and license transaction will have an associated fee transaction, which impacts the Division of Administration (DA).

One full-time attorney would be required to assist in drafting emergency and proposed regulations and forms; perform legal research and provide day-to-day legal counsel to the program; and, represent their department in appeals of licensure and identification card denials.

The proposed amendment requires them to adjust (increase or decrease) registration and license fees according to the Consumer Price Index as published by the U.S. Department of Labor. The change in fees collected (increase or decrease) due to this provision is unable to be determined at this time.

Also, the initial application and renewal licensing fees for a cultivation facility, manufacturing facility, and dispensing facility decrease in half after three years from the effective date of this proposal.

Division of Community and Public Health (DCPH)

Applications for Patient and Caregiver Identification

Section 1 requires them to issue registration cards for qualified patients and their caregivers. A study by the nonprofit entity ProCon organization, updated March 2016, published the rates of patient registration cards issued for each state with a medical marijuana program (http://medicalmarijuana.procon.org/view.resource.php?resourceID=005889). This study found that Oregon was issuing qualified patient cards at a ratio of 19.2 per 1,000 state residents. For purposes of this fiscal note, the State of Oregon's program will be benchmarked in regard to the number of patient and primary caregiver registrants. While the Oregon program was initiated in May 1999 and therefore has an established program,

the state of Missouri's chronic disease rates are generally higher and the qualifying medical conditions accepted under Missouri's proposal are broader than those of Oregon.

Calculation of applications:

- Patients: According to the 2015 U.S. Census Bureau information, Missouri's population is at 6,083,672. Applying the rate of 19.2 applications per 1,000 residents, Missouri would estimate issuing 116,807 patient registration cards annually ((6,083,672/1,000) x 19.2)).
- Caregivers: According to the October 1, 2016 data on Oregon's Medical Marijuana Program Website, the ratio of patient registration cards to caregiver cards is calculated at 2.29. Calculating this same ratio, Missouri would estimate issuing 51,007 caregiver cards annually (116,807/2.29).

The proposed effective date of the medical marijuana program is December 6, 2018. They are required to have the applications for the qualifying patient and caregiver identification cards available within 180 days of the effective date (June 6, 2019). Section 1.3(6) requires them to begin accepting applications for the qualifying patient and caregiver cards no later than 210 days from the effective date (July 6, 2019). For purposes of this fiscal note analysis, it is assumed that they will begin accepting applications July 1, 2019 (FY 2020). They will collect an application fee of $25 per card, per Section 1.3(19) and 1.3(20). It is assumed that the fees will be collected in the same fiscal year the applications are received. It is also assumed that ten percent of the initial applicants will submit a renewal application within the same fiscal year.

	FY 2018	FY 2019	FY 2020
Qualifying Patient Initial Applications	0	0	116,807
Qualifying Patient Renewal Applications	0	0	11,681
Caregiver Initial Applications	0	0	51,007
Caregiver Renewal Applications	0	0	5,101
Total Patient & Caregiver Identification Cards	0	0	184,596
Total Patient & Caregiver Application Fees	$0	$0	$4,614,900

Applications for Patient or Caregiver Cultivation Identification Cards

Section 1 requires them to issue identification cards for a qualifying patient or his or her primary caregiver for purposes of cultivating up to six flowering marijuana plants for the exclusive use of the qualifying patient. For purposes of this fiscal note, it is estimated that 10 percent of the qualifying patients will grow marijuana for themselves or it will be grown by their designated primary caregiver. Therefore, it is estimated that 11,681 (116,807 x .10) will be issued in FY 2020. They will collect an annual application fee of $100 per Section 1.3(12). It is also assumed that ten percent of the initial applicants will renew their application within the same fiscal year.

	FY 2018	FY 2019	FY 2020
Cultivation Initial Applications	0	0	11,681
Cultivation Renewal Applications	0	0	1,168
Total Cultivation Identification Cards	0	0	12,849
Total Cultivation Identification Fees	$0	$0	$1,284,900

Application and Licensing of Medical Marijuana Cultivation Facilities

Section 1 authorizes them to establish the application and licensing process of medical marijuana cultivation facilities. For purposes of this fiscal note analysis, it is estimated that 61 facilities will apply and become licensed to fully operate cultivation facilities by the end of FY 2020. This estimate is based on the assumption that they will limit the number of cultivation facilities licensed at the minimum required of one facility per 100,000 residents (6,083,672 Missouri residents/100,000 residents per facility = 61 facilities) as allowed per Section 1.3(15). They must accept applications within 210 days of the effective date of the proposal and therefore assumes that applications will be accepted beginning July 1, 2019 (FY 2020). However, section 1.3(11) allows any application for a license to pre-file their application fee with them beginning 30 days after the effective date (January 6, 2019). They estimates that half of the cultivation facilities that will be licensed in FY 2020 will pre-file their fee in FY 2019. The proposed amendment sets the initial application fee at $10,000 with an additional $25,000 fee for each year of the license for the facilities applying during this time period.

	FY 2018	FY 2019	FY 2020
Cultivation Facility Applications	0	0	61
Cultivation Facility Application Fees ($10,000)	$0	$300,000 (pre-file)	$310,000
Cultivation Facility Annual Licenses	0	0	61
Cultivation Facility Annual License Fees ($25,000)	$0	$0	$1,525,000
Total Cultivation App & License Fees	$0	$300,000	$1,835,000

Application and Licensing of Medical Marijuana Dispensing Facilities

Section 1 authorizes them to establish the application and licensing process of medical marijuana dispensing facilities. For purposes of this fiscal note analysis, it is estimated that 192 facilities will apply and become licensed to fully operate dispensing facilities by the end of FY 2020. This estimate is based on the assumption that they will limit the number of dispensing facilities licensed at the minimum required of twenty-four (24) licenses per each of the current eight U.S. Congressional Districts (24 facilities x 8 districts = 192 facilities) as allowed per Section 1.3(17). They must accept applications within 210 days of the effective date of the proposal and therefore assumes that applications will be accepted beginning July 1, 2019 (FY 2020). However, section 1.3(11) allows any application for a license to pre-file their application fee with them beginning 30 days after the effective date (January 6, 2019). They estimate that half of the dispensing facilities that will be licensed in FY 2020 will pre-file their fee in FY 2019. The proposed amendment sets the initial

application fee at $6,000 with an additional $10,000 fee for each year of the license for the facilities applying during this time period.

	FY 2018	FY 2019	FY 2020
Dispensing Facility Applications	0	0	192
Dispensing Facility Application Fees ($6,000)	$0	$576,000 (pre-file fees)	$576,000
Dispensing Facility Annual Licenses	0	0	192
Dispensing Facility Annual License Fees ($10,000)	$0	$0	$1,920,000
Total Dispensing App & License Fees	$0	$576,000	$2,496,000

Application and Licensing of Medical Marijuana-Infused Products Manufacturing Facilities

Section 1 authorizes them to establish the application and licensing process of medical marijuana-infused products manufacturing facilities. For purposes of this fiscal note analysis, it is estimated that 87 facilities will apply and become licensed to fully operate medical marijuana-infused products manufacturing facilities by the end of FY 2020. This estimate is based on the assumption that they will limit the number of manufacturing facilities licensed at the minimum required of one facility per 70,000 residents (6,083,672 Missouri residents/70,000 residents per facility = 87 facilities) as allowed per Section 1.3(16). They must accept applications within 210 days of the effective date of the proposal and therefore assumes that applications will be accepted beginning July 1, 2019 (FY 2020). However, section 1.3(11) allows any application for a license to pre-file their application fee with them beginning 30 days after the effective date (January 6, 2019). They estimate that half of the medical marijuana-infused products manufacturing facilities that will be licensed in FY 2020 will pre-file their fee in FY 2019. The proposed amendment sets the initial application fee at $6,000 with an additional $10,000 fee for each year of the license for the facilities applying during this time period.

	FY 2018	FY 2019	FY 2020
Manufacturing Facility Applications	0	0	87
Manufacturing Facility Application Fees ($6,000)	$0	$258,000	$264,000
Manufacturing Facility Annual Licenses	0	0	87
Manufacturing Facility Annual License Fees ($10,000)	$0	$0	$870,000
Total Manufacturing Application & License Fees	$0	$258,000	$1,134,000

Certification of Seed-to-Sale Tracking Systems, Transportation Entities, and Medical Marijuana Testing Facilities

Section 1.3.(1)(d) requires them to certify at least two commercially available systems that licensees may use as their seed-to-sale tracking system. For purposes of this fiscal note, it is estimated that they will issue certifications for two commercially available systems.

Section 1.3.(1)(e) requires them to certify entities which demonstrate compliance with transportation standards in order to transport marijuana and marijuana-infused products. For purposes of this fiscal note, it is estimated that all licensed medical marijuana cultivation facilities and marijuana-infused products manufacturing facilities will obtain certification to transport marijuana and marijuana-infused products. Therefore, it is estimated that they will issue 148 certifications for transportation (61 cultivation facilities + 87 manufacturing facilities = 148 total facilities). The certification process will occur simultaneous with the licensure of the facilities.

Section 1.3.(4) requires them to certify at least two facilities as Medical Marijuana Testing Facilities. It is estimated that only two facilities will be certified. The certification will occur in FY 2020.

Section 1.3.(1)(f) allows the department to charge a fee not to exceed $5,000 for any certification issued. It is assumed that they will charge a fee of $5,000 for each certification issued.

	FY 2018	FY 2019	FY 2020
Seed-to-Sale Tracking System Certifications	0	0	2
Transportation Entity Certifications	0	0	148
Medical Marijuana Testing Facility Certifications	0	0	2
Total Certifications	0	0	152
Total Certification Fees ($5,000 ea.)	$0	$0	$760,000

Total Revenue in Application, Licensing, and Certification Fees

	FY 2018	FY 2019	FY 2020
Patient & Caregiver Application Fees	$0	$0	$4,614,900
Patient or Caregiver Cultivation Fees	$0	$0	$1,284,900
Cultivation Facility Fees	$0	$300,000	$1,835,000
Dispensing Facility Fees	$0	$576,000	$2,496,000
Infused Products Manufacturing Fees	$0	$258,000	$1,134,000
Certification Fees	$0	$0	$760,000
Total Fees	**$0**	**$1,134,000**	**$12,124,800**

Program Operations: Staffing

Section 1 requires the establishment of a medical marijuana program through promulgation of rules and implementation of those rules for administration of patient and caregiver identification cards; patient or caregiver cultivation identification cards; licensing of medical marijuana cultivation facilities, dispensing facilities and infused products manufacturing facilities; and certification of seed-to-sale tracking systems, transportation entities, and medical marijuana testing facilities. This also includes the development of all program applications and forms, identification cards, and a computerized database system to allow for the electronic storage of and processing of data needed to issue identification

cards and licenses. As a result, DCPH anticipates the need to hire the following staff beginning on December 6, 2018 (FY 2019) to begin development of the program/system:

One Program Manager Broad Band 2 ($65,000) – will serve as Chief of the Medical Marijuana Bureau. Duties will include overall program management, including involvement in rule promulgation, development of forms, program policies and procedures, information system development, and initial program set-up. This position will also supervise the two Unit (Program) Coordinators, two Investigator III positions, a Health Program Representative III, and a Bureau Administrative Office Support Assistant.

Two Program Coordinators (A30, $50,112, Step H) – will serve as Unit Coordinators. One unit will be responsible for processing patient and caregiver applications, including patient or caregiver cultivation applications. The other unit will be responsible for the applications and licensing and/or certification of the medical marijuana cultivation facilities, dispensing facilities, infused-products manufacturing facilities; testing facilities, transportation entities, and seed-to-sale tracking systems. These positions will be involved in the initial program development with the Bureau Chief, hiring of staff, and development of training for staff. Once the program is operational, the Coordinators responsibilities extend to implementation and maintenance of the program, responsibility for meeting application decision deadlines, and ongoing management responsibilities.

One Health Program Representative III (A24, $39,708. Step G) – duties will include assistance in rule promulgation, program policies and procedures, forms development, information system development/troubleshooting and maintenance, and initial program set-up. This position will serve as the liaison between the Units and IT work on system maintenance and enhancements. This position will also certify the seed-to-sale tracking systems that are commercially available to use by the licensed facilities. This position will also be responsible for establishing materials to educate the public about the program and exhibiting at conferences or other venues to education physicians and the general public.

One Administrative Office Support Assistant (A15, $28,668, Step F) – duties will include providing administrative assistance to the Bureau Chief, Program Coordinators, Investigators, Inspectors, and HPR III positions. As allowed, this position will also assist in initial processing of patient and caregiver applications for registration cards.

The following staff will be hired to begin March 1, 2019. This hire date will allow for training and final program preparation to occur prior to the required release dates for the application forms for patients and caregivers, patient or caregiver cultivators, certifications, and facility licenses:

Two Investigator III positions (A25, $41,184, Step G) – these positions will investigate all instances/complaints of possible fraud or negligence on the behalf of a recommending physician, a registered patient and/or caregiver, a cultivator, or a medical marijuana facility. With a new program of this size and the legalization of something that remains illegal for the majority of the population, it is anticipated that they will receive a fair number of calls reporting instances of possible violations. While two is estimated for purposes of this fiscal

note, it may be necessary to add additional staff after the program is operational for some time. The additional costs remain unknown.

Two Grain Inspector IV positions (A23, $38,304, Step G) – these positions will complete the onsite inspections of the medical marijuana cultivation facilities to monitor compliance with the specific requirements outlined in the proposed amendment and rules that need to be met for initial and continued licensure of a facility. These positions will also be responsible for certifying the cultivation facilities as transportation entities. This specialty position was chosen because the most technical piece involves the process of testing plants for molds, mildew, and pesticides and making sure the facilities are dealing with these issues in a proper way.

One Grain Inspector Compliance Coordinator (A28, $46,056, Step G) – this position coordinates and supervises the work of the Grain Inspector positions; ensuring inspections are completed consistently and timely. This position will also provide technical assistance to the inspectors and make final action decisions/recommendations for problem inspections.

Four Environmental Public Health Specialist IV positions (A27, $44,352, Step G) – these positions will complete the onsite inspections of the medical marijuana dispensing and the medical-marijuana infused-products manufacturing facilities to monitor compliance with the specific requirements outlined in the proposed amendment and rules that need to be met for initial and continued licensure of a facility. These positions will also be responsible for certifying the manufacturing facilities as transportation entities. This specialty position was chosen because the most technical piece involves ensuring sanitation requirements are met and the infused-products are labeled and packaged correctly.

One Environmental Public Health Specialist V position (A28, $46,056, Step G) – this position coordinates and supervises the work of the EPHS IV positions; ensuring inspections are completed consistently and timely. This position also provides technical assistance to the environmental specialists and makes final action decisions/recommendations for problem inspections.

One Health Facilities Consultant (A29, $48,852, Step H) – this position will complete the inspections of the Medical Marijuana Testing Facilities in order to monitor compliance with the specific requirements needed to obtain and maintain certification. This position will also provide technical assistance to the testing facilities to assist with obtaining and maintaining the certification. This specialty position was chosen as this classification currently completes the inspections of other medical laboratories certified by the state.

49 Senior Office Support Assistant (SOSA) positions (A12, $26,340, Step F) – duties will include processing of paper applications to include opening and date stamping of mail, entry of application information into the electronic registry, initial verification of applicant and physician identification, initial application review to include determination of application approval or denial (including incomplete status), preparation of patient and caregiver identification cards, preparation of patient/caregiver cultivation identification cards, initial processing of medical marijuana facility applications, preparation of identification cards for

all owners and employees of the medical marijuana facility licensees, processing revoked cards, and answering of phones and assisting telephone callers.

24 Health Program Representative II (HPR II) positions (A21, $35,640, Step G) – duties will include supervision of the SOSA positions and quality assurance checks of the application entry and initial verification completed by the SOSAs. This position will have responsibility for final approval of application incomplete notices, rejects, revocations, and card issuances. This position will ensure application process deadlines as mandated by proposed amendment are met. This position will also verify all registrations of owners and employees associated with the licensed medical marijuana facilities, including coordination with the Inspectors and Environmental Public Health Specialists for final issuance of facility licenses.

For fiscal note purposes they calculated 45 minutes per patient and caregiver application and 45 minutes per patient or caregiver cultivation application.

197,445 (184,596 patient and caregiver apps + 12,849 cultivation apps) X .75/hour / 2,080 hours per year per staff = 71.2 staff (round to 71 staff).

They calculated 14 hours for the processing of a dispensing facility license application and 15 hours for the processing of the cultivation and manufacturing facility license (additional hour for processing transportation certification application).

(192 dispensing facilities x 14 hours) + (61 cultivation facilities x 15 hours) + (87 infused products manufacturing facilities x 15 hours) = 4,908 total hours/divided by 2,080 hrs/year per staff = 2.4 staff (round to 2 staff). This is a total of 73 processing staff (SOSA and HPR II positions).

Printing Costs

They will print individual identification cards for the qualified patient, caregiver, patient or caregiver cultivation identification card, and identification cards for each owner, board member, employee of the licensed facilities. The cards are encoded with a magnetic stripe for security and linkage to the IT system for dispensing purposes. DCPH will purchase a card delivery system with the ability to print the card with the magnetic stripe, attach the card to a personalized letter, and secure in an envelope ready for mailing. The initial cost of the card delivery system is estimated at $277,000. In addition there will be an annual equipment preventative maintenance fee of $34,000. The average supply cost to print each card is $0.59/card.

They are estimating the number of identification cards to be printed each year per facility licensed to be 25 for a cultivation facility, 10 for a dispensing facility, and 25 for a manufacturing facility. (61 cultivation facilities x 25 = 1,525 cards, 192 dispensing facilities x 10 = 1,920 cards, 87 manufacturing facilities x 25 = 2,175 cards) License certificates will be printed for each facility on special certificate paper (heat sensitive ink background) provided by state printing at a cost of approximately $200 per 1,000 pieces of

certificate paper. The license certificates and identification cards for facilities will not be produced until FY 2020 when the facility becomes licensed.

DCPH will print 100,000 brochures each year the program is operational at a cost of $0.06 per brochure. This brochure will provide the public with information about the medical cannabis program and assistance in completing a valid registration.

FY 2019

- 100,000 brochures ($0.06 per brochure) = $6,000

FY 2020

- 184,596 patient and caregiver cards + 12,849 cultivation cards + 1,525 identification cards for cultivation facilities, 1,920 identification cards for dispensing facilities + 2,175 for manufacturing facilities = 203,065 cards x $0.59 per card/print supplies = $119,808
- 492 Certificates for facility licenses and certifications ($200/1,000) = $200
- 100,000 brochures ($0.06 per brochure) = $6,000

Mailing Costs

Each qualifying patient and primary caregiver will receive his/her card in the mail. If the patient or caregiver applied for a cultivation identification card, that card will be mailed separately. Each licensed facility will be mailed a copy of their license and identification cards. It is estimated that 10 percent of the registered participants, caregivers and patient/caregiver cultivators will submit a change request to their application requiring a change notification receipt by mailing. It is projected that five percent of all applications will be incomplete and requires mailing of an incomplete notice. It is also projected that 25 percent of the printed brochures (25,000) along with paper applications will be mailed to the public upon request. The other printed brochures will be available for distribution at conferences and other public venues.

Projected mailings are as follows:

	FY 2018	FY 2019	FY 2020
Patient and Caregiver ID Cards	0	0	184,596
Cultivation ID Cards	0	0	12,849
Facility Certificates	0	0	492
Facility Identification Cards	0	0	5,620
Change Request Notifications	0	0	17,774
Incomplete Notifications	0	0	8,887
Brochures/app mailed	0	25,000	25,000
Total mailings	**0**	**25,000**	**255,218**

FY 2019

- 25,000 envelopes ($41 per 1,000) = 25 X $41 = $1,025
- Postage (25,000 x $0.39/postage rate) = $9,750

FY 2020

- 255,218 envelopes ($41 per 1,000) = 256 X $41 = $10,496
- Postage (255,218 x $0.39/postage rate) = $99,535

Criminal Records Check

Section 1.3.(2)(h) suggests that individual identification cards for owners, officers, managers, contractors, employees and other support staff of the licensed facilities shall include a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544. Section 1.7(2) states no licensed facility shall have an owner, officer, manager, contractor, employee or other support staff with a disqualifying felony offense. They assumes that as part of the facility license application, the facilities would need to submit a current finger print based criminal record report as would be promulgated in rule. Therefore, they assume no cost for obtaining the fingerprint check.

Information Technology Services Division (ITSD)

Application Storage Costs

In order to manage the final storage of paper applications submitted, Content Manager for electronic scanning and storage will be utilized. The costs for Content Manager are estimated at $132 per month for the state data server costs, $234 for an annual license for each user who needs to view files and $828 for an annual license for each position with ability to scan/import documents. Content Manager services will not be acquired until FY 2020.

Information Systems Development

Estimating a 12 month project duration with a project team consisting of 4 IT Consultants. Applications will be received as paper submissions to the department. System will print licenses and identification cards for physical delivery to the applicant. The system will be hosted in the State Data Center (SDC) on existing virtual servers. Disk space has been estimated at 50 GB for Development and Test with 150 GB estimated for Production. While we have estimated for a system build it is possible COTS solutions are available at a similar cost. Estimated costs are detailed above in the ITSD-DHSS table.

Division of Administration

DHSS-DA assumes one Accounting Clerk can process 30,000 receipt transactions per year. An Accounting Generalist I/II would be needed to supervise for every five Account Clerks.

Accounting Clerk (A12, $26,340, Step F) duties would include:

- Open and sort mail;
- Process and enter receipts in the department computer system;
- Prepare bank deposits and cash receipts documents;
- Reconcile daily receipts;
- Distribute supporting documentation program.

Accounting Generalist I/II (A25, $41,184, Step G) duties would include:

- Supervise and review the work of Accounting Clerks who are processing the fees.

Each application and license would have a fee transaction.

FY2019	FY2020	Transaction
0	184,596	Patient & Caregiver Application
0	12,849	Patient & Caregiver Cultivation Application
30	92	Cultivation Facility Application
96	288	Dispensing Facility Application
43	131	Manufacturing Facility Application
0	152	Certifications
169	198,108	Total Number of Transactions
	6.00 FTE	Accounting Clerk
	1.00 FTE	Accounting Generalist I/II

Office of General Counsel

Legal Counsel ($50,000)

One full-time attorney would be needed to assist in drafting emergency and proposed regulations and forms; perform legal research and provide day-to-day legal counsel to the program; and represent the department in appeals of licensure and identification card denials.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $11,229 in fiscal year 2019, $35,262 in fiscal year 2020, $67,160 in fiscal year 2025 and thereafter.

Results of studies at this time show conflicting results on the criminal impacts of current medical marijuana laws. However, with the increased licensing and regulation there are also increased possibilities of secondary crimes through false physician recommendations, non-compliance in registration, illegal possession, vehicular infractions or injury, and theft. While many of these violations may carry only municipal or licensing level penalties, some would ultimately fall under felony charges.

Thus, the expected impact of IP 18-51 should bring about 2 new prison admissions and 3 new field admissions in the first year of enactment (FY19). The maximum impact should be expected by FY25 and will lead to an additional 3 offenders in prison and 18 offenders in the field.

In addition, this proposal would be impactful to their department in that we currently test our staff for marijuana use and discipline accordingly. If our staff were to live in a household, or visit another person, who is legally using medical marijuana they would then be exposed to second-hand smoke and would likely test positive themselves. There would be no way for us to determine which of our staff are innocently exposed from those who are abusing this substance illegally.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated total fund costs for General Revenue will be $242,855 for fiscal year 2018, $124,921 for fiscal year 2019, and $126,460 for fiscal year 2020, which includes information technology (IT) related costs of $150,012 for fiscal year 2018, $30,752 for fiscal year 2019, and $31,521 for fiscal year 2020 for IT consultants.

This legislation increases total state revenue by an unknown amount from the sales tax collected on the sale of medical marijuana.

Section 4
The legislation levies a four percent tax on the retail sale of medical marijuana by Medical Marijuana Dispensary Facilities. Their department may retain up to five percent for the cost of collection. The petition creates the Missouri Veterans' Health and Care Fund. The Commissioner of Administration may make cash operating transfers to the fund to meet cash requirements in advance of receiving revenues. The tax levied by this section is separate and in addition to any general state and local sales tax that applies to retail sales. Because their department does not have enforcement responsibilities, it may make more sense for the taxes to be paid to the Department of Health and Senior Services and then sent to their department for deposit into the fund.

Administrative Impact:

Collections & Tax Assistance:
This section will see additional registrations, registration phone calls, business tax account update requests, and delinquent phone contacts from the additional businesses registering to collect sales tax on medical marijuana. Collections and Tax Assistance requires two (2) Revenue Processing Technicians I (Range 10, Step L) per 24,000 additional contacts to the registration section and 15,000 contacts annually on the delinquent tax line. Each technician requires CARES equipment.

Business Tax Processing:
Although the legislation bases the four percent tax on the retail selling price, it is separate from sales and use tax. This tax needs to be reported and deposited separately from sales and use tax. This would require new reporting forms and a new program to track and distribute receipts. This will include a new program within the Integrated Tax System.

Officials from the **Department of Public Safety - Office of Director and the Division of Alcohol and Tobacco Control** each indicated they see no fiscal impact due to this initiative petition.

Officials from the **Missouri State Highway Patrol** indicated for the Criminal Records Fund estimated revenue of $179,040 and estimated costs of $67,140 for fiscal year 2018, unknown impact for fiscal year 2019, and unknown impact for fiscal year 2020.

For each fingerprint-based background check processed, the state retains the $20 state fee and $2 of the federal charge for a pass-thru fee.

The proposed legislation would allow medical marijuana for medical use and provide that it shall be taxed at four percent of the retail price.

According to the 2015 United States Census Bureau's census estimate, Missouri's population was 6,083,672. Based on this total, the number of Cultivation Facilities, Dispensary Facilities, and Infused Products Manufacturing Facilities is as follows:

Cultivation Facilities
Assuming a limit is set at the minimum of 1 facility per 100,000 inhabitants per the proposed amendment, 60 licenses for cultivation facilities may be issued. Further estimating an average of 25 employees per facility, the total number of criminal record checks for employees, owners etc. of Cultivation Facilities equals 1,500 (60 x 25).

Dispensing Facilities
Assuming the maximum number of licenses that will be issued in each of the eight United States Congressional Districts in the state of Missouri is 24, the maximum number of licenses issued for Dispensing facilities equals 192 (24 x 8). Further estimating 10 employees per facility, the total number of criminal record checks for employees, owners etc. of Dispensary Facilities equals 1,920 (192 x 10).

Infused Products Manufacturing Facilities
Assuming a limit is set at the minimum of 1 facility per 70,000 inhabitants (per the proposed constitutional amendment) the number of facilities would equal 87 (6,083,672 / 70,000). Further estimating an average of 25 employees per facility, the total number of criminal record checks for employees, owners, etc. of Cultivation Facilities equals 2,175 (87 x 25).

The estimated number of state and federal fingerprint-based criminal record checks estimated to be generated with the passage of this amendment is 5,595 (1,500 for

Cultivation Facilities; 1,920 - Dispensing Facilities; 2,175 - Infused Products Manufacturing Facilities).

The charge for each background check processed is $40.30. Twenty dollars for the state fingerprint check, $12 for the federal check, and an $8.30 charge for the statewide applicant fingerprinting contractor fee ($20 + $12 + 8.30 = $40.30). Of this amount, the state retains the $20 fee and $2 of the federal charge of $12 for a pass-thru fee. The $8.30 charge is paid directly to the vendor at the time of application.

Estimated Revenue FY18
5,595 x $32 (state/federal background check) $179,040

Estimated Expense FY18
5,595 x $12 (federal background check charge) $67,140

Subsequent yearly background checks will be based on turnover.

Estimated Revenue FY19 and beyond
??? x $32 (state/federal background check)

Estimated Expense FY19 and beyond
??? x $12 (federal background check charge)

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** (OA) indicated:

Article XVI, Section 1 through 3 allows the Department of Health and Senior Services (DHSS) to grant or refuse state licenses for the cultivation, manufacture, distribution, and sale of marijuana for medical use. This authority includes the creation and imposition of administrative penalties; however, no actual amounts are given.

The article establishes facility license fees for medical marijuana cultivation facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities. Table 1 outlines the fees and renewal periods by facility license

type. In addition to facility fees, Section 3 creates certifications for a seed-to-sale system, transportation, and medical marijuana testing facilities. DHSS is allowed to charge up to $5,000 per certification and must certify at least two seed-to-sale tracking systems and two testing facilities; however, no minimum requirement was listed for the transportation of medical marijuana.

Table 1: Facility License and Annual Fees

Section	Facility License Type	License Fee* Years 1-3	License Fee* Years 3+	Annual Fee*	Renewal Period
3 (8)	medical marijuana cultivation facilities	$10,000	$5,000	$25,000	Every 3 years
3 (9)	medical marijuana dispensary facilities	$6,000	$3,000	$10,000	Every 3 years
3 (10)	medical marijuana-infused products manufacturing facilities	$6,000	$3,000	$10,000	Every 3 years

**License fees and annual fees shall be adjusted each year in accordance with the Consumer Price Index as published by the U.S. Department of Labor.*

Section 3 (12) allows qualifying patients, or his or her primary caregiver, to obtain an identification card allowing for personal cultivation of up to six flowering marijuana plants. Section 3 (19) and Section 3 (20) establish identification cards for qualifying patients of medical marijuana and primary caregivers. Table 2 outlines the fees and renewal periods for the different identification cards.

Table 2: Identification Fees

Section	Identification Type	Fee*	Renewal Period
3 (12)	Personal Cultivation I.D. Card	$100	annually
3 (19)	Qualifying Patient - Identification card	$25	annually
3 (20)	Primary Caregiver - Identification card	$25	annually

**License fees and annual fees shall be adjusted each year in accordance with the Consumer Price Index as published by the U.S. Department of Labor.*

Section 3 (15) states that DHSS may restrict the number of licenses for medical marijuana cultivation facilities; however, the number may not be limited to less than one license per one hundred thousand inhabitants of Missouri. Section 3 (16) states that DHSS may restrict the number of licenses for marijuana-infused products manufacturing facilities; however, the number may not be limited to less than one license per seventy thousand inhabitants of Missouri. Section 3 (17) states that DHSS may limit the number of dispensary facilities to twenty-four licenses in each United States Congressional district. Table 3 outlines the facility count limits and estimates what the facility counts would be based on 2010 U.S. Census data should these limits be implemented. Once the minimum number of facilities has been established, any decrease in the number of inhabitants within Missouri, or changes to the number or boundaries of the Congressional Districts, shall have no impact to the established minimum number of licenses allowed by the article.

Table 3: Facility Count Limits			
Section	**Facility Type**	**Minimum Limit**	**Facility Count**
3 (15)	cultivation facilities	1 per 100,000	60
3 (16)	marijuana-infused products manufacturing facilities	1 per 70,000	86
3 (17)	medical marijuana dispensaries	24 per U.S. Congressional District	192

Section 4 (1) creates a 4% sales tax on the retail sale of marijuana for medical use sold at medical dispensary facilities within the state. Revenues from this tax shall be paid to the Department of Revenue (DOR). DOR may retain up to five percent for collection costs. The remainder shall be deposited in the Missouri Veterans' Health and Care Fund.

Section 4 (2) creates the Missouri Veterans' Health and Care Fund in the state treasury which will consist of taxes and fees collected under this section. This fund shall be a dedicated fund and shall stand appropriated without further legislative action. DHSS shall be appropriated an amount necessary to carry out this section. The remainder shall be transferred to the Missouri Veterans' Commission for health and care services for military veterans.

Section 9 states that the effective date of Article XVI would be December 6, 2018. However, B&P estimates that revenue generation would not begin until at least June 2019 for patients and July 2019 for facilities given the provisions in Section 3.

Using data from Arizona, which has a similar medical marijuana law, B&P estimates that up to 65,547 patients and caregivers could utilize this bill. Of these, up to 2,000 may gain approval for personal cultivation. B&P estimates that annual fees for patients, caregivers, and personal cultivation could generate approximately $1.4M annually by FY 2021, assuming growth is similar to that seen with the Arizona medical marijuana program.

B&P estimates that license fees for medical marijuana facilities could generate approximately $2.3M in FY 2020, and $1.1M every three years thereafter. The initiative petition does not specify whether these facilities would pay the annual fee and a license renewal fee every three years. Therefore, B&P assumes that both would need to be paid in the third year of a license. Table 4 outlines the revenues from the license and annual fees.

Table 4: License and Annual Fees by Patient and Facility Type					
Patient and Facility Type	**Revenue Generated by License Fees**				
	FY 2019	**FY 2020***	**FY 2021***	**FY 2022***	**FY 2023***
Patients and Caregivers**	$87,000	$1,046,000	$1,186,000	$1,704,000	$1,737,000
Personal Cultivation**	$17,000	$200,000	$204,000	$208,000	$212,000
Cultivation Facilities^		$600,000	$1,531,000	$1,561,000	$1,905,000
Infused Product Manufacturer^		$516,000	$879,000	$896,000	$1,183,000
Dispensary^		$1,152,000	$1,962,000	$2,000,000	$2,642,000
Total	**$104,000**	**$3,514,000**	**$5,762,000**	**$6,369,000**	**$7,679,000**

**Assumes 2% inflation*

***Assumes growth similar to that seen in the medical marijuana program in Arizona*

^ Assumes a 1.2% turnover rate in facility licenses

Section 4 requires a four percent sales tax to be applied to all sales of marijuana products, in addition to current state and local sales tax. Based on sales data from Arizona during 2014 of $110M and 2015 of approximately $155.7M, B&P calculates that this provision could increase TSR by $6.6M and GR by $4.7M once fully implemented. Table 5 outlines the estimated revenues from each tax and where revenues will be directed.

Table 5: Sales Tax Revenues					
Sales Tax Fund	**Revenue Generated by Sales Tax**				
	FY 2019	**FY 2020***	**FY 2021***	**FY 2022***	**FY 2023***
Missouri Veterans' Health and Care Fund		$2,200,000	$6,229,000	$6,229,000	$6,229,000
General Revenue		$1,650,000	4,672,000	4,672,000	4,672,000
Education		$550,000	$1,557,000	$1,557,000	$1,557,000
Parks, Soil, and Water		$55,000	$156,000	$156,000	$156,000
Conservation		$69,000	$195,000	$195,000	$195,000
Total	**$0**	**$4,524,000**	**$12,809,000**	**$12,809,000**	**$12,809,000**

**Based on sales data from Arizona during 2014 and 2015*

B&P estimates that all provisions in this initiative petition could increase TSR by $2.3M and GR by $1.7M in FY20. In FY21, TSR could increase by $6.6M and GR by $4.7M. This initiative petition will not impact the calculations under 18(e).

Table 6: Summary of Revenue Generated by Medical Marijuana Taxes and Fees					
Revenue Source	**Revenue Generated by License Fees**				
	FY 2019	**FY 2020**	**FY 2021***	**FY 2022***	**FY 2023***
License and Annual Fees					
*Patients and Caregivers***	0.1	1.0	1.2	1.7	1.7
Personal Cultivation**	0.0	0.2	0.2	0.2	0.2
Cultivation Facilities^		0.6	1.5	1.6	1.9
Infused Product Manufacturer^		0.5	0.9	0.9	1.2
Dispensary^		1.2	2.0	2.0	2.6
Total License and Annual Fees:	0.1	3.5	5.8	6.4	7.7
Sales Tax^^					
Missouri Veterans' Health and Care Fund		2.2	6.2	6.2	6.2
General Revenue		1.7	4.7	4.7	4.7
Education		0.6	1.6	1.6	1.6
Parks, Soil, and Water		0.1	0.2	0.2	0.2
Conservation		0.1	0.2	0.2	0.2
Total Sales Tax:		4.5	12.8	12.8	12.8
Total Revenue to Missouri Veterans' Health and Care Fund	**0.1**	**5.7**	**12.0**	**12.6**	**13.9**
Total State Revenues		**2.3**	**6.6**	**6.6**	**6.6**
Total Local Sales Tax		**2.0**	**5.7**	**5.7**	**5.7**

figures in $M

**Assumes 2% inflation*

***Assumes growth similar to that seen in the medical marijuana program in Arizona*

^ Assumes a 1.2% turnover rate in facility licenses

^^Based on sales data from Arizona during 2014 and 2015

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted

each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated sales taxes could be collected. No amount can be reasonably estimated.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this will not have a fiscal impact on the local government.

Officials from **University of Missouri** indicated the University of Missouri Health Care (MUHC) has reviewed the proposed initiative petition and determined that the fiscal impact should not exceed $100,000 annually.

Joy Sweeney, Executive Director, Council for Drug Free Youth provided the following information for this initiative petition.

Fiscal Impact of Marijuana Legalization

The fiscal impact of marijuana legalization is far reaching. Colorado has provided a great deal of data for Missouri to utilize to determine the impact legalization will have here.

The information in this report is from The Rocky Mountain High Intensity Drug Trafficking Area (HIDTA) Report[1], and it provides a basis of study for the effects of the legalization of marijuana, including fiscal ramifications. The American Society of Addiction Medicine (ASAM) "asserts that the anticipated public health costs of marijuana legalization are significant…"[2] **It is important to note the various costs incurred with legalization, including enforcement, prevention, education, treatment, medical costs, etc.** By utilizing the HIDTA Report, Missouri can predict the cost to the state. A summary of their findings follows:

Colorado tracked data from three waves of marijuana legalization:

- 2006-2008 is the "early medical marijuana era"
- 2009-Present is the "medical marijuana commercialization and expansion era"
- 2013-Present is the "recreational marijuana era"

<u>Impaired Driving</u>

Marijuana-related traffic deaths increased 48 percent in the three-year average (2013-2015) since Colorado legalized recreational marijuana compared to the three-year average (2010-2012) prior to legalization.

During the same time, all traffic deaths increased 11 percent.

Marijuana-related traffic deaths increased 62 percent from 71 to 115 persons after recreational marijuana was legalized in 2013.

In 2009, Colorado marijuana-related traffic deaths involving operators testing positive for marijuana represented 10 percent of all traffic fatalities. By 2015, that number doubled to 21 percent.

The Colorado State Patrol DUID Program 2015 data includes:

- 77 percent (665) of the 862 DUIDs involved marijuana
- 40 percent (347) of the 862 DUIDs involved marijuana only

Average Marijuana Related Fatalities increased 48% between 2008-2012 and 58% between 2012-2015.

Operators involved in fatalities testing positive for marijuana more than tripled:

- 2006 was 4.03%
- 2009 was 6.41%
- 2013 was 8.97%

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[1] *Rocky Mountain High Intensity Drug Trafficking Area*. "The Legalization of Marijuana in Colorado: The Impact". Volume 4, September 2016. http://www.rmhidta.org/html/2016%20FINAL%20Legalization%20of%20Marijuana%20in%20Colorado%20The%20Impact.pdf

[2] American Society of Addiction Medicine, *State-Level Proposals to Legalize Marijuana*, http://www.asam.org/advocacy/find-a-policy-statement/view-policy-statement/public-policy-statements/2012/07/30/state-level-proposals-to-legalize-marijuana, July 2012.

- 2015 was 12.06%

Effects on Youth

From school years 2008-2014, **drug related suspensions/expulsions increased 40%.**
58% of all drug related expulsions were for marijuana.

Past month marijuana use for youth aged 12-17 reports:

National rates	Colorado rates
2008-6.72 % of youth	2008-8.75% of youth
2014-7.22% of youth	2014-11.74% of youth

Referrals to Law Enforcement

In 2006, total drug related referrals to law enforcement were 23.4%; compared to alcohol at 8%.
In 2016, total referrals were 29.7%, compared to 4.3% for alcohol.
In the 2015/16 school year, 73% of all drug related referrals were for marijuana.

Emergency Room Visits Related to Marijuana

2012-9,982
2013-12,888
2014-18,255
From 2012-2014, there was a 49% increase.

Total of all hospitalizations that were marijuana related:
2000-2,541
2013-8,078
2014-9,856

The national **average percent of children ages 0-5 reported for marijuana exposure** from 2010-2013 was 4.97%. **In Colorado it was 17.81%**

Between 2003 and 2013, accidental marijuana exposure to youth under age six increased by about 150 percent.

Treatment Admissions for Marijuana

Data from Colorado from 2005-2013 doesn't demonstrate a definitive trend and averages about 6,500 admissions a year….There may be a drop in treatment admissions for marijuana abuse among adults because of a reduction in criminal justice referrals through diversion and drug courts due to fewer people entering the system.

73.6% of youth in the Denver Health Clinic youth are male, the mean age is 15.8 years, and 98.1% are there primarily for cannabis use disorder.

Other Pertinent Information

- As of January 2016, there were 424 retail marijuana stores in the state of Colorado compared to 322 Starbucks and 202 McDonald's.
- 68 percent of local jurisdictions have banned medical and recreational marijuana businesses.
- From 2014 to 2015, property crime increased 6.2 percent, violent crime increased 6.7 percent, and all crime increased 6.2 percent.
- 93% of CO medical marijuana card holders obtained it to treat "severe pain"

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College,** and the **Lieutenant Governor's Office**.

Fiscal Note Summary

This proposal is estimated to generate annual taxes and fees of $18 million for state operating costs and veterans programs, and $6 million for local governments. Annual state operating costs are estimated to be $7 million.

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 29, 2016

STATE AUDITOR'S OFFICE
RECEIVED
NOV 29 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sheila Dundon regarding a proposed constitutional amendment to Article XVI, version 1 (2018-051)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sheila Dundon on November 28, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
2018 NOV 28 PM 2:41
JOHN ASHCROFT
SEC. OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF_____

I, _____ being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.	/ /					
2.	/ /					
3.	/ /					
4.	/ /					
5.	/ /					
6.	/ /					
7.	/ /					
8.	/ /					
9.	/ /					
10.	/ /					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____
(Name of payer)

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____
Signature of Notary

_____
Address of Notary (Street, City, State & Zip Code)

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XVI is created by enacting one new section to be known as Section 1 of Article XVI, to read as follows:

Section 1. Right to Access Medical Marijuana

1. **Purposes**

This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician.

This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for nonmedical purposes. The section does not allow for the public use of marijuana and driving under the influence of marijuana.

2. **Definitions**

(1) "Administer" means the direct application of marijuana to a Qualifying Patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a Qualifying Patient's physician.

(2) "Department" means the Department of Health and Senior Services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) "Marijuana" or "Marihuana" means ***Cannabis indica***, ***Cannabis sativa***, and ***Cannabis ruderalis***, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" or "Marihuana" do not include industrial hemp containing a crop-wide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) "Marijuana-Infused Products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(7) "Medical Marijuana Cultivation Facility" means a facility licensed by the Department, to acquire, cultivate, process, store, transport, and sell marijuana to a Medical

Marijuana Dispensary Facility, Medical Marijuana Testing Facility, or to a Medical Marijuana-Infused Products Manufacturing Facility.

(8) "Medical Marijuana Dispensary Facility" means a facility licensed by the Department, to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section to a Qualifying Patient, a Primary caregiver, another Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or a Medical Marijuana-Infused Products Manufacturing Facility.

(9) "Medical Marijuana-Infused Products Manufacturing Facility" means a facility licensed by the Department, to acquire, store, manufacture, transport, and sell marijuana-infused products to a Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or to another Medical Marijuana-Infused Products Manufacturing Facility.

(10) "Medical Marijuana Testing Facility" means a facility certified by the Department, to acquire, test, certify, and transport marijuana.

(11) "Medical use" means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a Qualifying Patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(12) "Physician" means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(13) "Physician certification" means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that, in the physician's professional opinion, the patient suffers from a qualifying medical condition.

(14) "Primary caregiver" means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a Qualifying Patient and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the Department.

(15) "Qualifying medical condition" means the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, post-traumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(16) "Qualifying Patient" means a Missouri resident diagnosed with at least one qualifying medical condition.

3. **Creating Patient Access to Medical Marijuana**

(1) In carrying out the implementation of this section, the Department shall have the authority to:

(a) Grant or refuse state licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses and certifications upon a violation of this section or a rule promulgated pursuant to this section; and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section.

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical use and for the enforcement of this section so long as patient access is not restricted unreasonably and such rules are reasonably necessary for patient safety or to restrict access to only licensees and Qualifying Patients.

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a Qualifying Patient or Primary Caregiver to ensure that no medical marijuana grown by a Medical Marijuana Cultivation Facility or manufactured by a Medical Marijuana-Infused Products Manufacturing Facility is sold or otherwise transferred except by a Medical Marijuana Dispensary Facility. The Department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees.

(e) Issue standards for the secure transportation of Marijuana and Marijuana-Infused Products. The Department shall certify entities which demonstrate compliance with its transportation standards to transport Marijuana and Marijuana-Infused Products to a Medical Marijuana Cultivation Facility, a Medical Marijuana-Infused Products Manufacturing Facility, a Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or another entity with a transportation certification. The Department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport cannabis.

(f) The Department may charge a fee not to exceed $5,000 for any certification issued pursuant to this section.

(g) Prepare and transmit annually a publicly available report accounting to the Governor for the efficient discharge of all responsibilities assigned to the Department under this section;

(h) Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following: (i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers; (ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, plans to ensure safety and security of Qualifying Patients and the community, procedures to be used to prevent diversion, and any plan for making Marijuana available to low-income Qualifying Patients; (iii) site security; (iv) experience in a legal cannabis market; (v) in the case of Medical Marijuana Testing Facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience; (vi) the potential for positive economic impact in the site community; (vii) in the case of Medical Marijuana Cultivation Facilities, capacity or experience with agriculture, horticulture, and health care; (viii) in the case of Medical Marijuana Dispensary Facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients; (ix) in the case of Medical Marijuana-Infused Products Manufacturing Facilities, capacity or experience with food and beverage manufacturing; and (x) maintaining competitiveness in the marijuana for medical use marketplace. In ranking applicants and awarding licenses and certificates, the Department may consult or contract with other public agencies with relevant expertise regarding these factors. The Department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by Qualifying Patients.

(2) The Department shall issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana for medical use by Qualifying Patients. In developing such rules or emergency rules, the Department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the Department may issue rules or emergency rules relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license or certification issued pursuant to this section;

(b) Specifications of duties of officers and employees of the Department;

(c) Instructions or guidance for local authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the Department;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises provided that the rules may not prevent or unreasonably restrict appropriate signs on the property of the Medical Marijuana Dispensary Facility, product display and examination by the Qualifying Patient and/or Primary caregiver, listings in business directories including phone books, listings in marijuana-related or medical publications, or the sponsorship of health or not for profit charity or advocacy events;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed or certified pursuant to this section, including a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the Department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days. Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530;

(i) Security requirements for any premises licensed or certified pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the Department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical Marijuana-Infused Products;

(l) The specification of acceptable forms of picture identification that a Medical Marijuana Dispensary Facility may accept when verifying a sale;

(m)Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(p) The reporting and transmittal of tax payments;

(q) Authorization for the Department of Revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(3) The Department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and requiring licensees to test medical marijuana using one or more impartial, independent laboratories to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health, to ensure correct labeling and measure potency. The Department shall not require any medical marijuana or medical marijuana-infused products to be tested more than once prior to sale.

(4) The Department shall issue rules or emergency rules to provide for the certification of and standards for Medical Marijuana Testing Facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The Department shall certify, if possible, at least two entities as Medical Marijuana Testing Facilities. No Medical Marijuana Testing Facility shall be owned by an entity under substantially common control, ownership, or management as

a Medical Marijuana Cultivation Facility, Medical Marijuana-Infused Product Manufacturing Facility, or Medical Marijuana Dispensary Facility.

(5) The Department shall maintain the confidentiality of reports or other information obtained from an applicant or licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients may be used only for a purpose authorized by federal law and this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card.

(6) Within one hundred eighty days of the effective date of this section, the Department shall make available to the public license application forms and application instructions for Medical Marijuana Cultivation Facilities, Medical Marijuana Testing Facilities, Medical Marijuana Dispensary Facilities, and Medical Marijuana-Infused Products Manufacturing Facilities.

(7) Within one hundred eighty days of the effective date of this section, the Department shall make available to the public application forms and application instructions for Qualifying Patient, Qualifying Patient cultivation, and Primary caregiver identification cards. Within two hundred ten days of the effective date of this section, the Department shall begin accepting applications for such identification cards.

(8) An entity may apply to the Department for and obtain one or more licenses to grow marijuana as a Medical Marijuana Cultivation Facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the Department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the Department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the Department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three Medical Marijuana Cultivation Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(9) An entity may apply to the Department for and obtain one or more licenses to operate a Medical Marijuana Dispensary Facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five Medical Marijuana Dispensary Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(10) An entity may apply to the Department for and obtain one or more licenses to operate a Medical Marijuana-Infused Products Manufacturing Facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three Medical Marijuana-Infused Products Manufacturing Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(11) Any applicant for a license authorized by this section may pre-file their application fee with the Department beginning 30 days after the effective date of this section.

(12) Except for good cause, a Qualifying Patient or his or her Primary caregiver may obtain an identification card from the Department to cultivate up to six flowering marijuana plants for the exclusive use of that Qualifying Patient. The card shall be valid for twelve months from its date of issuance and shall be renewable with the annual submittal of a new or updated physician's certification. The Department shall charge an annual fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(13) The Department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single Qualifying Patient in a thirty day period, provided that limit is not less than four ounces of dried, unprocessed marijuana, or its equivalent. Any such limit shall not apply to a Qualifying Patient with written certification from two independent physicians that there are compelling reasons why the Qualifying Patient needs a greater amount than the limit established by the Department.

(14) The Department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a sixty day supply of dried, unprocessed marijuana, or its equivalent. A Primary caregiver may possess a separate legal limit for each Qualifying Patient under their care and a separate legal limit for themselves if they are a Qualifying Patient. Qualifying Patients cultivating marijuana for medical use may possess up to a ninety day supply, so long as the supply remains on property under their control. Any such limit shall not apply to a Qualifying Patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor to Department sanctions, including an administrative penalty and loss of their patient identification card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by imprisonment of up to one year and a fine of up to two thousand dollars.

(15) The Department may restrict the aggregate number of licenses granted for Medical Marijuana Cultivation Facilities, provided, however, that the number may not be limited to fewer than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(16) The Department may restrict the aggregate number of licenses granted for Marijuana-Infused Products Manufacturing Facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most

recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(17) The Department may restrict the aggregate number of licenses granted for Medical Marijuana Dispensary Facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States Congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on the effective date of this section. Future changes to the boundaries of or the number of congressional districts shall have no impact.

(18) The Department shall begin accepting license and certification applications for Medical Marijuana Dispensary Facilities, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred forty days after the effective date of this section. Applications for licenses and certifications under this section shall be approved or denied by the Department no later than one hundred fifty days after their submission. If the Department fails to carry out its non-discretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the Department to approve or deny the application.

(19) Qualifying Patients under this section shall obtain and annually renew an identification card or cards from the Department. The Department shall charge a fee of twenty-five dollars per year per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Upon receiving an application for a Qualifying Patient identification card or Qualifying Patient cultivation identification card, the Department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the Department fails to deny and fails to issue a card to an eligible Qualifying Patient within thirty days, then their physician certification shall serve as their Qualifying Patient identification card or Qualifying Patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a Qualifying Patient identification card or Qualifying Patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(20) Primary caregivers under this section shall obtain and annually renew an identification card from the Department. The Department shall charge a fee of twenty-five dollars per year, with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. Upon receiving an application for a Primary caregiver identification card, the Department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(21) All marijuana for medical use sold in Missouri shall be cultivated in a licensed Medical Marijuana Cultivation Facility located in Missouri.

(22) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a Medical Marijuana-Infused Products Manufacturing Facility.

(23) The denial of a license, license renewal, or identification card by the Department shall be appealable to the Administrative Hearing Commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the Department shall be subject to judicial review as provided by law.

(24) No elected official shall interfere directly or indirectly with the Department's obligations and activities under this section.

(25) The Department shall not have the authority to apply or enforce any rule or regulation that would impose an undue burden on any one or more licensees or

certificate holders, any Qualifying Patients, or act to undermine the purposes of this section.

4. **Taxation and Reporting**

(1) A tax is levied upon the retail sale of marijuana for medical use sold at Medical Marijuana Dispensary Facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed Medical Marijuana Dispensary Facility and paid to the Department of Revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the Department of Revenue into the Missouri Veterans' Health and Care Fund. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund," which shall consist of taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The Commissioner of Administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the Department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the Department, an amount necessary for the Department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, the remainder of such funds shall be transferred to the Missouri Veterans Commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri Veterans Homes, the Missouri Service Officer's Program, and other services for veterans approved by the Commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri Veterans Commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All monies from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies, by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the Department and the Department of Revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from, and in addition to, any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

(6) The fees and taxes provided for in this Article XVI, Section 1 shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

(7) The unexpended balance existing in the fund shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.

5. **Additional Patient, Physician, Caregiver and Provider Protections**

(1) Except as provided in this section, the possession of marijuana in quantities less than the limits of this section, or established by the Department, and transportation of marijuana from a Medical Marijuana Dispensary Facility to the Qualifying Patient's residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand to the appropriate authority a valid Qualifying Patient identification card; a valid Qualifying Patient cultivation identification card; a valid physician certification while making application for an identification card; or a valid Primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a Qualifying Patient identification card or use marijuana for medical use.

(3) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri State Board of Registration for the Healing Arts, or its successor agency, for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or providing health care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A Medical Marijuana Testing Facility shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by non-emancipated Qualifying Patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A Primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use to a qualifying patient or participating in the patient cultivation of up to six flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct.

(8) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to prospective or licensed Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana Dispensary Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, Qualifying Patients, Primary caregivers, physicians, health care providers or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(9) Actions and conduct by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities licensed or registered with the Department, or their employees or agents, as permitted by this section and in compliance with Department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.

6. **Legislation**

Nothing in this section shall limit the General Assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of Qualifying Patients to access marijuana for medical use as granted by this section.

7. **Additional Provisions**

(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

(b) Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; or

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana; or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the influence of marijuana while at work or disciplining the employee or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana.

(2) No Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility, or entity with a transportation certification shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the Department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The Department may consult with and rely on the records, advice and recommendations of the Attorney General and the Department of Public Safety, or their successor entities, in applying this subdivision.

(3) All Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, and Medical Marijuana-Infused Products Manufacturing Facility licenses, entities with Medical Marijuana Testing Facility certifications, and entities with transportation certifications shall be held by entities that are majority owned by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, entities outside the state of Missouri may own a minority stake in such entities.

(4) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional Department sanction, up to and including loss of license.

(5) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, in a font size at least as large as the largest other font size used on the package, as containing "Marijuana," or a "Marijuana-Infused Product." Violation of this prohibition shall subject the violator to Department sanctions, including an administrative penalty.

(6) No individual shall serve as the Primary caregiver for more than three Qualifying Patients.

(7) No Qualifying Patient shall consume marijuana for medical use in a public place, unless provided by law. Violation of this prohibition shall subject the violator to sanctions as provided by general law.

(8) No person shall extract resins from marijuana using dangerous materials or combustible gases without a Medical Marijuana-Infused Products Manufacturing Facility license. Violation of this prohibition shall subject the violator to Department sanctions, including an administrative penalty and, if applicable, loss of their identification card, certificate, or license for up to one year.

(9) All Qualifying Patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the Qualifying Patient or by such patient's Primary caregiver. Two Qualifying Patients, who both hold valid Qualifying Patient cultivation identification cards, may share one enclosed, locked facility. No more than twelve Qualifying Patient or Primary caregiver cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a Primary caregiver also holds a Qualifying Patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.

(10) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, Medical Marijuana-Infused Products Manufacturing Facility, Medical Marijuana Testing Facility, or entity with a transportation certification shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the Department, not to be unreasonably withheld.

(11) Unless allowed by the local government, no new Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. No local government shall prohibit Medical Marijuana

Cultivation Facilities, Medical Marijuana Testing Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana-Infused Products Manufacturing Facility, Medical Marijuana Dispensary Facility, or entity holding a transportation certification that may operate in such locality.

(12) Unless superseded by federal law or an amendment to this Constitution, a physician shall not certify a qualifying condition for a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic, or in another commonly used format. A Qualifying Patient must obtain a new physician certification at least annually.

(13) A physician shall not issue a certification for the medical use of marijuana for a non-emancipated Qualifying Patient under the age of eighteen without the written consent of the Qualifying Patient's parent or legal guardian. The Department shall not issue a Qualifying Patient identification card on behalf of a non-emancipated Qualifying Patient under the age of eighteen without the written consent of the Qualifying Patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a Primary caregiver for a non-emancipated Qualifying Patient under the age of eighteen. Only the Qualifying Patient's parent or guardian shall purchase or possess medical marijuana for a non-emancipated Qualifying Patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a non-emancipated Qualifying Patient under the age of eighteen

(14) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for Qualifying Patient use.

(15) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

8. **Severability**

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

9. **Effective Date**

The provisions of this section shall become effective on December 6, 2018.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-051)

Subject

Initiative petition from Sheila Dundon regarding a proposed constitutional amendment to Article XVI of the Constitution of Missouri. (Received November 29, 2016)

Date

December 19, 2016

Description

This proposal would amend Article XVI of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Lieutenant Governor's Office**.

Joy Sweeney, Executive Director, Council for Drug Free Youth provided information for this initiative petition to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated this proposal authorizes the Department of Health and Senior Services to issue new licenses for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use. It requires their department to promulgate rules necessary for the implementation and enforcement of the proposal, develop forms and issue standards in addition to licensure and certification of facilities. The proposal requires a minimum of 60 licenses for cultivation facilities (one per every 100,000 inhabitants), a minimum of 85 licenses for manufacturing facilities (one per 70,000 in inhabitants), and a minimum of 192 medical marijuana dispensary facilities (24 per each Congressional district). Licensure and certification is subject to AHC appeal and judicial review. AGO assumes it would need 2 AAG Is to provide legal representation regarding issuance, denial, and discipline of licenses and promulgation of and challenges to administrative rules. If adopted this proposal would increase AGO operating expenses of $139,474 for FY2018; $150,610 for FY2019; and $152,155 for FY2020.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated the costs will be $0 for fiscal year 2018, $3,062,147 for fiscal year 2019, and $7,035,064 for fiscal year 2020. The revenues will be $0 for fiscal year 2018, $1,134,000 for fiscal year 2019, and $12,124,800 for fiscal year 2020.

This proposal is not an entire duplication, however; Section 192.945, RSMo allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for persons who are issued a registration card due to a debilitating medical condition. Under this proposal, patients with intractable epilepsy could also qualify to receive a registration card for medical marijuana use.

Rental space for 97 FTE located in Jefferson City: 97.00 FTE x 230 sq ft/FTE x $21.00/sq. ft. = $468,510.

The proposed language would legalize the use of marijuana for medicinal purposes. There could be an unknown impact on small businesses that serve as cultivators, manufacturers, dispensary facilities, testing and/or transportation centers.

Fiscal Note	18-006		ITSD - DHSS		
Bill Number	Initiative Petition				
Will a new system be required?	X	Yes		No	
Indicate fiscal year when fully implemented		FY 2020			

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2018	FY 2019	FY 2020
General Revenue	-	-	-
Other	-	309,634.50	309,653.50
Federal Funds	-	-	-
Total	-	309,634.50	309,653.50

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 0

New	Rate	Hours	FY 2018 $	FY 2019 $	FY 2020 $
IT Consultants	75	8,237.16	-	308,893.50	308,893.50
Other Costs:					
Disk Storage (SAN)	45.36	12	-	558.00	572.00
Backup and Recovery (DistSys Backup-Recovery)	0.49	365	-	183.00	188.00
Section Total Other Costs:			-	741.00	760.00
Section Total Expenditures:			-	309,634.50	309,653.50
Section Funding:	General Revenue		-	309,634.50	309,653.50
	Federal		-	-	-
	Other		-	-	-
	Total		-	309,634.50	309,653.50

The proposed constitutional amendment requires their department to issue annual registrations for patients and their designated caregivers, patient and caregiver cultivators, medical marijuana cultivation facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities. In addition, the amendment

requires their department to certify seed-to-sale tracking systems, transportation entities, and testing facilities.

The proposal allows for the following registration/license fees to be collected:

	Initial Application and Annual Renewal
Qualifying Patient ID Card	$25.00
Primary Caregiver ID Card	$25.00
Patient or Caregiver Cultivation ID Card	$100.00

	Within 3 years of Effective Date of Proposal (December 6, 2018 – December 6, 2021)		After 3 years of Effective Date (after December 6, 2021)	
	Initial Application or Renewal Application Non-Refundable License Fee (3 yr. license)	Annual Licensing Fee	Initial Application or Renewal Application Non-Refundable License Fee (3 yr. license)	Annual Licensing Fee
Medical Marijuana Cultivation Facility	$10,000	$25,000	$5,000	$25,000
Medical Marijuana Dispensary Facility	$6,000	$10,000	$3,000	$10,000
Medical Marijuana-Infused Products Manufacturing	$6,000	$10,000	$3,000	$10,000

	Certification Fee
Seed-to-Sale Tracking System	Up to $5,000
Medical Marijuana Testing Facility	Up to $5,000

The provisions of this section shall become effective on December 6, 2018. According to the proposed provisions of this section, they shall make available to the public all license application forms (cultivation, dispensary, manufacturing and testing facilities) and the application forms for qualifying patients, caregivers, and qualifying patient cultivation identification cards within 180 days of the effective date of the section (June 6, 2019). They shall accept all applications for patients, caregivers and cultivators no later than 210 days following the effective date of this section (July 6, 2019). They shall accept applications for dispensary facilities, testing facilities, cultivation facilities, manufacturing facilities, seed-to-sale tracking systems, and transportation entities no later than 240 days after the effective date of this section (August 6, 2019). The provisions of this section also allow any applicant for a license to pre-file their application fee with them beginning 30 days after the effective date of this section (January 6, 2019). For purposes of this fiscal note, it is assumed that the first fees for license applications (pre-file) would be accepted January 6, 2019 (FY 2019). The first fees for patient, caregivers, and cultivators are assumed to be collected beginning July 1, 2019 (FY 2020). The first certification fees (seed-to-sale, testing, and transportation) are assumed to be collected beginning July 1, 2019 (FY 2020) as well.

The estimations for the number of each type of registration, license and certification issued each year are detailed under the headings Division of Community and Public Health (DCPH) and Applications for Patient and Caregiver Identification below.. The total estimate of collected fees equals $1,134,000 for FY 2019 and $12,124,800 for FY 2020.

Section 1.3(2)(e) allows them to issue rules creating a range of administrative penalties related to implementation and enforcement of rules that ensure the right to, availability, and safe use of marijuana for medical use. These administrative penalties could include penalty fees but the fee amounts and frequency of penalties issued is unknown at this time.

Section 1.4(1) of the proposed amendment mandates each licensed Medical Marijuana Dispensary facility to collect a four percent tax on the retail sale of all medical marijuana products sold to be collected by the Department of Revenue (DOR). The amount of tax that will be collected is unknown and is referred to the DOR for these estimations.

The DOR may retain up to five percent of the annual taxes collected. The rest of the tax collected is to be deposited by the DOR into the Missouri Veterans' Health and Care Fund. This fund shall consist of all fees and taxes collected by this proposed section.

Division of Community and Public Health (DCPH)

Section 1.3(1) authorizes them to grant or refuse licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by the provisions of Section 1. This section also authorizes them to suspend, fine, restrict, or revoke such licenses and certifications upon any violation of this section or a rule promulgated by them pursuant to this section. They

shall develop such rules, forms, licenses, identification cards, and applications as necessary to implement provisions of this section. They are also required to certify at least two commercially available software products that licensees must use for seed-to-sale tracking standards and issue standards for the certification of secure transportation of marijuana an marijuana-infused products. They are to prepare annually a publicly available report accounting to the Governor for the efficient discharge of all responsibilities assigned to them by this section. They must also establish a system to numerically score applicants for licenses and certificates when the number of applicants are more than the minimum required.

Section 1.3(2) permits them to issue any rules necessary to ensure the right to, availability and safe use of marijuana for medical use by qualifying patients. This includes addressing: requirements for inspections, investigations, searches, seizures, and such additional enforcement activities that may become necessary; the creation of a range of administrative penalties; development of individual identification cards for owner, officers, managers, contractors, employees, and other support staff of entities licensed pursuant to this section; security requirements for any premises licensed; regulation of the storage and transportation of marijuana for medical use; sanitary requirements for the preparation of medical marijuana-infused products; labeling and packaging standards; and records to be kept by the licensees, state licensing procedures for initial licenses, renewals and reinstatements.

Section 1.3(3) requires them to issue rules regarding independent testing and certification for medical marijuana licensees to ensure products that are sold for human consumption are correctly labeled and do not contain contaminants that are injurious to health.

Section 1.3(4) requires them to issue rules to provide for the standards and certification of Medical Marijuana Testing Facilities. They shall certify, if possible, at least two Medical Marijuana Testing Facility entities.

Section 1.3(6) requires them to make available to the public license application forms and (for all types of licensees including testing facilities) and instructions within 180 days of the effective date of this section.

Section 1.3(7) requires them to make available to the public application forms and accompanying instructions for qualifying patients, qualifying patient or caregiver cultivation, and primary caregiver identification cards within 180 days of the effective date of this section. They are also required to accept these applications within 210 days of the effective date of this section.

Section 1.3(18) requires them to begin accepting license and certification application forms and instructions (for dispensary facilities, testing facilities, cultivation facilities, manufacturing facilities, seed-to-sale tracking systems, and transportation entities) no later than 240 days from the effective date and shall either approve or deny within 150 days after submission.

Section 1.3(19) requires them to process a qualifying patient identification card within 30 days of receipt of the application.

Section 1.3(20) requires them to process a primary caregiver identification card within 30 days of receipt of the application.

Information Technology Services Division (ITSD)

Support of an IT vendor to build a data system to support the administration and reporting requirements indicated in Section 1 of Article XVI (Right to Access Medical Marijuana). The system would be used by the department to process applications to include issuance of licenses and identification cards.

Division of Administration

Specific program impact for their department is in the Division of Community and Public Health (DCPH). Each application and license transaction will have an associated fee transaction, which impacts the Division of Administration (DA).

One full-time attorney would be required to assist in drafting emergency and proposed regulations and forms; perform legal research and provide day-to-day legal counsel to the program; and, represent their department in appeals of licensure and identification card denials.

The proposed amendment requires them to adjust (increase or decrease) registration and license fees according to the Consumer Price Index as published by the U.S. Department of Labor. The change in fees collected (increase or decrease) due to this provision is unable to be determined at this time.

Also, the initial application and renewal licensing fees for a cultivation facility, manufacturing facility, and dispensing facility decrease in half after three years from the effective date of this proposal.

Division of Community and Public Health (DCPH)

Applications for Patient and Caregiver Identification

Section 1 requires them to issue registration cards for qualified patients and their caregivers. A study by the nonprofit entity ProCon organization, updated March 2016, published the rates of patient registration cards issued for each state with a medical marijuana program (http://medicalmarijuana.procon.org/view.resource.php?resourceID=005889). This study found that Oregon was issuing qualified patient cards at a ratio of 19.2 per 1,000 state residents. For purposes of this fiscal note, the State of Oregon's program will be benchmarked in regard to the number of patient and primary caregiver registrants. While the Oregon program was initiated in May 1999 and therefore has an established program,

the state of Missouri's chronic disease rates are generally higher and the qualifying medical conditions accepted under Missouri's proposal are broader than those of Oregon.

Calculation of applications:

- Patients: According to the 2015 U.S. Census Bureau information, Missouri's population is at 6,083,672. Applying the rate of 19.2 applications per 1,000 residents, Missouri would estimate issuing 116,807 patient registration cards annually ((6,083,672/1,000) x 19.2)).
- Caregivers: According to the October 1, 2016 data on Oregon's Medical Marijuana Program Website, the ratio of patient registration cards to caregiver cards is calculated at 2.29. Calculating this same ratio, Missouri would estimate issuing 51,007 caregiver cards annually (116,807/2.29).

The proposed effective date of the medical marijuana program is December 6, 2018. They are required to have the applications for the qualifying patient and caregiver identification cards available within 180 days of the effective date (June 6, 2019). Section 1.3(6) requires them to begin accepting applications for the qualifying patient and caregiver cards no later than 210 days from the effective date (July 6, 2019). For purposes of this fiscal note analysis, it is assumed that they will begin accepting applications July 1, 2019 (FY 2020). They will collect an application fee of $25 per card, per Section 1.3(19) and 1.3(20). It is assumed that the fees will be collected in the same fiscal year the applications are received. It is also assumed that ten percent of the initial applicants will submit a renewal application within the same fiscal year.

	FY 2018	FY 2019	FY 2020
Qualifying Patient Initial Applications	0	0	116,807
Qualifying Patient Renewal Applications	0	0	11,681
Caregiver Initial Applications	0	0	51,007
Caregiver Renewal Applications	0	0	5,101
Total Patient & Caregiver Identification Cards	0	0	184,596
Total Patient & Caregiver Application Fees	$0	$0	$4,614,900

Applications for Patient or Caregiver Cultivation Identification Cards

Section 1 requires them to issue identification cards for a qualifying patient or his or her primary caregiver for purposes of cultivating up to six flowering marijuana plants for the exclusive use of the qualifying patient. For purposes of this fiscal note, it is estimated that 10 percent of the qualifying patients will grow marijuana for themselves or it will be grown by their designated primary caregiver. Therefore, it is estimated that 11,681 (116,807 x .10) will be issued in FY 2020. They will collect an annual application fee of $100 per Section 1.3(12). It is also assumed that ten percent of the initial applicants will renew their application within the same fiscal year.

	FY 2018	FY 2019	FY 2020
Cultivation Initial Applications	0	0	11,681
Cultivation Renewal Applications	0	0	1,168
Total Cultivation Identification Cards	0	0	12,849
Total Cultivation Identification Fees	$0	$0	$1,284,900

Application and Licensing of Medical Marijuana Cultivation Facilities

Section 1 authorizes them to establish the application and licensing process of medical marijuana cultivation facilities. For purposes of this fiscal note analysis, it is estimated that 61 facilities will apply and become licensed to fully operate cultivation facilities by the end of FY 2020. This estimate is based on the assumption that they will limit the number of cultivation facilities licensed at the minimum required of one facility per 100,000 residents (6,083,672 Missouri residents/100,000 residents per facility = 61 facilities) as allowed per Section 1.3(15). They must accept applications within 210 days of the effective date of the proposal and therefore assumes that applications will be accepted beginning July 1, 2019 (FY 2020). However, section 1.3(11) allows any application for a license to pre-file their application fee with them beginning 30 days after the effective date (January 6, 2019). They estimates that half of the cultivation facilities that will be licensed in FY 2020 will pre-file their fee in FY 2019. The proposed amendment sets the initial application fee at $10,000 with an additional $25,000 fee for each year of the license for the facilities applying during this time period.

	FY 2018	FY 2019	FY 2020
Cultivation Facility Applications	0	0	61
Cultivation Facility Application Fees ($10,000)	$0	$300,000 (pre-file)	$310,000
Cultivation Facility Annual Licenses	0	0	61
Cultivation Facility Annual License Fees ($25,000)	$0	$0	$1,525,000
Total Cultivation App & License Fees	$0	$300,000	$1,835,000

Application and Licensing of Medical Marijuana Dispensing Facilities

Section 1 authorizes them to establish the application and licensing process of medical marijuana dispensing facilities. For purposes of this fiscal note analysis, it is estimated that 192 facilities will apply and become licensed to fully operate dispensing facilities by the end of FY 2020. This estimate is based on the assumption that they will limit the number of dispensing facilities licensed at the minimum required of twenty-four (24) licenses per each of the current eight U.S. Congressional Districts (24 facilities x 8 districts = 192 facilities) as allowed per Section 1.3(17). They must accept applications within 210 days of the effective date of the proposal and therefore assumes that applications will be accepted beginning July 1, 2019 (FY 2020). However, section 1.3(11) allows any application for a license to pre-file their application fee with them beginning 30 days after the effective date (January 6, 2019). They estimate that half of the dispensing facilities that will be licensed in FY 2020 will pre-file their fee in FY 2019. The proposed amendment sets the initial

application fee at $6,000 with an additional $10,000 fee for each year of the license for the facilities applying during this time period.

	FY 2018	FY 2019	FY 2020
Dispensing Facility Applications	0	0	192
Dispensing Facility Application Fees ($6,000)	$0	$576,000 (pre-file fees)	$576,000
Dispensing Facility Annual Licenses	0	0	192
Dispensing Facility Annual License Fees ($10,000)	$0	$0	$1,920,000
Total Dispensing App & License Fees	$0	$576,000	$2,496,000

Application and Licensing of Medical Marijuana-Infused Products Manufacturing Facilities

Section 1 authorizes them to establish the application and licensing process of medical marijuana-infused products manufacturing facilities. For purposes of this fiscal note analysis, it is estimated that 87 facilities will apply and become licensed to fully operate medical marijuana-infused products manufacturing facilities by the end of FY 2020. This estimate is based on the assumption that they will limit the number of manufacturing facilities licensed at the minimum required of one facility per 70,000 residents (6,083,672 Missouri residents/70,000 residents per facility = 87 facilities) as allowed per Section 1.3(16). They must accept applications within 210 days of the effective date of the proposal and therefore assumes that applications will be accepted beginning July 1, 2019 (FY 2020). However, section 1.3(11) allows any application for a license to pre-file their application fee with them beginning 30 days after the effective date (January 6, 2019). They estimate that half of the medical marijuana-infused products manufacturing facilities that will be licensed in FY 2020 will pre-file their fee in FY 2019. The proposed amendment sets the initial application fee at $6,000 with an additional $10,000 fee for each year of the license for the facilities applying during this time period.

	FY 2018	FY 2019	FY 2020
Manufacturing Facility Applications	0	0	87
Manufacturing Facility Application Fees ($6,000)	$0	$258,000	$264,000
Manufacturing Facility Annual Licenses	0	0	87
Manufacturing Facility Annual License Fees ($10,000)	$0	$0	$870,000
Total Manufacturing Application & License Fees	$0	$258,000	$1,134,000

Certification of Seed-to-Sale Tracking Systems, Transportation Entities, and Medical Marijuana Testing Facilities

Section 1.3.(1)(d) requires them to certify at least two commercially available systems that licensees may use as their seed-to-sale tracking system. For purposes of this fiscal note, it is estimated that they will issue certifications for two commercially available systems.

Section 1.3.(1)(e) requires them to certify entities which demonstrate compliance with transportation standards in order to transport marijuana and marijuana-infused products. For purposes of this fiscal note, it is estimated that all licensed medical marijuana cultivation facilities and marijuana-infused products manufacturing facilities will obtain certification to transport marijuana and marijuana-infused products. Therefore, it is estimated that they will issue 148 certifications for transportation (61 cultivation facilities + 87 manufacturing facilities = 148 total facilities). The certification process will occur simultaneous with the licensure of the facilities.

Section 1.3.(4) requires them to certify at least two facilities as Medical Marijuana Testing Facilities. It is estimated that only two facilities will be certified. The certification will occur in FY 2020.

Section 1.3.(1)(f) allows the department to charge a fee not to exceed $5,000 for any certification issued. It is assumed that they will charge a fee of $5,000 for each certification issued.

	FY 2018	FY 2019	FY 2020
Seed-to-Sale Tracking System Certifications	0	0	2
Transportation Entity Certifications	0	0	148
Medical Marijuana Testing Facility Certifications	0	0	2
Total Certifications	0	0	152
Total Certification Fees ($5,000 ea.)	$0	$0	$760,000

Total Revenue in Application, Licensing, and Certification Fees

	FY 2018	FY 2019	FY 2020
Patient & Caregiver Application Fees	$0	$0	$4,614,900
Patient or Caregiver Cultivation Fees	$0	$0	$1,284,900
Cultivation Facility Fees	$0	$300,000	$1,835,000
Dispensing Facility Fees	$0	$576,000	$2,496,000
Infused Products Manufacturing Fees	$0	$258,000	$1,134,000
Certification Fees	$0	$0	$760,000
Total Fees	**$0**	**$1,134,000**	**$12,124,800**

Program Operations: Staffing

Section 1 requires the establishment of a medical marijuana program through promulgation of rules and implementation of those rules for administration of patient and caregiver identification cards; patient or caregiver cultivation identification cards; licensing of medical marijuana cultivation facilities, dispensing facilities and infused products manufacturing facilities; and certification of seed-to-sale tracking systems, transportation entities, and medical marijuana testing facilities. This also includes the development of all program applications and forms, identification cards, and a computerized database system to allow for the electronic storage of and processing of data needed to issue identification

cards and licenses. As a result, DCPH anticipates the need to hire the following staff beginning on December 6, 2018 (FY 2019) to begin development of the program/system:

One Program Manager Broad Band 2 ($65,000) – will serve as Chief of the Medical Marijuana Bureau. Duties will include overall program management, including involvement in rule promulgation, development of forms, program policies and procedures, information system development, and initial program set-up. This position will also supervise the two Unit (Program) Coordinators, two Investigator III positions, a Health Program Representative III, and a Bureau Administrative Office Support Assistant.

Two Program Coordinators (A30, $50,112, Step H) – will serve as Unit Coordinators. One unit will be responsible for processing patient and caregiver applications, including patient or caregiver cultivation applications. The other unit will be responsible for the applications and licensing and/or certification of the medical marijuana cultivation facilities, dispensing facilities, infused-products manufacturing facilities; testing facilities, transportation entities, and seed-to-sale tracking systems. These positions will be involved in the initial program development with the Bureau Chief, hiring of staff, and development of training for staff. Once the program is operational, the Coordinators responsibilities extend to implementation and maintenance of the program, responsibility for meeting application decision deadlines, and ongoing management responsibilities.

One Health Program Representative III (A24, $39,708. Step G) – duties will include assistance in rule promulgation, program policies and procedures, forms development, information system development/troubleshooting and maintenance, and initial program set-up. This position will serve as the liaison between the Units and IT work on system maintenance and enhancements. This position will also certify the seed-to-sale tracking systems that are commercially available to use by the licensed facilities. This position will also be responsible for establishing materials to educate the public about the program and exhibiting at conferences or other venues to education physicians and the general public.

One Administrative Office Support Assistant (A15, $28,668, Step F) – duties will include providing administrative assistance to the Bureau Chief, Program Coordinators, Investigators, Inspectors, and HPR III positions. As allowed, this position will also assist in initial processing of patient and caregiver applications for registration cards.

The following staff will be hired to begin March 1, 2019. This hire date will allow for training and final program preparation to occur prior to the required release dates for the application forms for patients and caregivers, patient or caregiver cultivators, certifications, and facility licenses:

Two Investigator III positions (A25, $41,184, Step G) – these positions will investigate all instances/complaints of possible fraud or negligence on the behalf of a recommending physician, a registered patient and/or caregiver, a cultivator, or a medical marijuana facility. With a new program of this size and the legalization of something that remains illegal for the majority of the population, it is anticipated that they will receive a fair number of calls reporting instances of possible violations. While two is estimated for purposes of this fiscal

note, it may be necessary to add additional staff after the program is operational for some time. The additional costs remain unknown.

Two Grain Inspector IV positions (A23, $38,304, Step G) – these positions will complete the onsite inspections of the medical marijuana cultivation facilities to monitor compliance with the specific requirements outlined in the proposed amendment and rules that need to be met for initial and continued licensure of a facility. These positions will also be responsible for certifying the cultivation facilities as transportation entities. This specialty position was chosen because the most technical piece involves the process of testing plants for molds, mildew, and pesticides and making sure the facilities are dealing with these issues in a proper way.

One Grain Inspector Compliance Coordinator (A28, $46,056, Step G) – this position coordinates and supervises the work of the Grain Inspector positions; ensuring inspections are completed consistently and timely. This position will also provide technical assistance to the inspectors and make final action decisions/recommendations for problem inspections.

Four Environmental Public Health Specialist IV positions (A27, $44,352, Step G) – these positions will complete the onsite inspections of the medical marijuana dispensing and the medical-marijuana infused-products manufacturing facilities to monitor compliance with the specific requirements outlined in the proposed amendment and rules that need to be met for initial and continued licensure of a facility. These positions will also be responsible for certifying the manufacturing facilities as transportation entities. This specialty position was chosen because the most technical piece involves ensuring sanitation requirements are met and the infused-products are labeled and packaged correctly.

One Environmental Public Health Specialist V position (A28, $46,056, Step G) – this position coordinates and supervises the work of the EPHS IV positions; ensuring inspections are completed consistently and timely. This position also provides technical assistance to the environmental specialists and makes final action decisions/recommendations for problem inspections.

One Health Facilities Consultant (A29, $48,852, Step H) – this position will complete the inspections of the Medical Marijuana Testing Facilities in order to monitor compliance with the specific requirements needed to obtain and maintain certification. This position will also provide technical assistance to the testing facilities to assist with obtaining and maintaining the certification. This specialty position was chosen as this classification currently completes the inspections of other medical laboratories certified by the state.

49 Senior Office Support Assistant (SOSA) positions (A12, $26,340, Step F) – duties will include processing of paper applications to include opening and date stamping of mail, entry of application information into the electronic registry, initial verification of applicant and physician identification, initial application review to include determination of application approval or denial (including incomplete status), preparation of patient and caregiver identification cards, preparation of patient/caregiver cultivation identification cards, initial processing of medical marijuana facility applications, preparation of identification cards for

all owners and employees of the medical marijuana facility licensees, processing revoked cards, and answering of phones and assisting telephone callers.

24 Health Program Representative II (HPR II) positions (A21, $35,640, Step G) – duties will include supervision of the SOSA positions and quality assurance checks of the application entry and initial verification completed by the SOSAs. This position will have responsibility for final approval of application incomplete notices, rejects, revocations, and card issuances. This position will ensure application process deadlines as mandated by proposed amendment are met. This position will also verify all registrations of owners and employees associated with the licensed medical marijuana facilities, including coordination with the Inspectors and Environmental Public Health Specialists for final issuance of facility licenses.

For fiscal note purposes they calculated 45 minutes per patient and caregiver application and 45 minutes per patient or caregiver cultivation application.

197,445 (184,596 patient and caregiver apps + 12,849 cultivation apps) X .75/hour / 2,080 hours per year per staff = 71.2 staff (round to 71 staff).

They calculated 14 hours for the processing of a dispensing facility license application and 15 hours for the processing of the cultivation and manufacturing facility license (additional hour for processing transportation certification application).

(192 dispensing facilities x 14 hours) + (61 cultivation facilities x 15 hours) + (87 infused products manufacturing facilities x 15 hours) = 4,908 total hours/divided by 2,080 hrs/year per staff = 2.4 staff (round to 2 staff). This is a total of 73 processing staff (SOSA and HPR II positions).

Printing Costs

They will print individual identification cards for the qualified patient, caregiver, patient or caregiver cultivation identification card, and identification cards for each owner, board member, employee of the licensed facilities. The cards are encoded with a magnetic stripe for security and linkage to the IT system for dispensing purposes. DCPH will purchase a card delivery system with the ability to print the card with the magnetic stripe, attach the card to a personalized letter, and secure in an envelope ready for mailing. The initial cost of the card delivery system is estimated at $277,000. In addition there will be an annual equipment preventative maintenance fee of $34,000. The average supply cost to print each card is $0.59/card.

They are estimating the number of identification cards to be printed each year per facility licensed to be 25 for a cultivation facility, 10 for a dispensing facility, and 25 for a manufacturing facility. (61 cultivation facilities x 25 = 1,525 cards, 192 dispensing facilities x 10 = 1,920 cards, 87 manufacturing facilities x 25 = 2,175 cards) License certificates will be printed for each facility on special certificate paper (heat sensitive ink background) provided by state printing at a cost of approximately $200 per 1,000 pieces of

certificate paper. The license certificates and identification cards for facilities will not be produced until FY 2020 when the facility becomes licensed.

DCPH will print 100,000 brochures each year the program is operational at a cost of $0.06 per brochure. This brochure will provide the public with information about the medical cannabis program and assistance in completing a valid registration.

FY 2019

- 100,000 brochures ($0.06 per brochure) = $6,000

FY 2020

- 184,596 patient and caregiver cards + 12,849 cultivation cards + 1,525 identification cards for cultivation facilities, 1,920 identification cards for dispensing facilities + 2,175 for manufacturing facilities = 203,065 cards x $0.59 per card/print supplies = $119,808
- 492 Certificates for facility licenses and certifications ($200/1,000) = $200
- 100,000 brochures ($0.06 per brochure) = $6,000

Mailing Costs

Each qualifying patient and primary caregiver will receive his/her card in the mail. If the patient or caregiver applied for a cultivation identification card, that card will be mailed separately. Each licensed facility will be mailed a copy of their license and identification cards. It is estimated that 10 percent of the registered participants, caregivers and patient/caregiver cultivators will submit a change request to their application requiring a change notification receipt by mailing. It is projected that five percent of all applications will be incomplete and requires mailing of an incomplete notice. It is also projected that 25 percent of the printed brochures (25,000) along with paper applications will be mailed to the public upon request. The other printed brochures will be available for distribution at conferences and other public venues.

Projected mailings are as follows:

	FY 2018	FY 2019	FY 2020
Patient and Caregiver ID Cards	0	0	184,596
Cultivation ID Cards	0	0	12,849
Facility Certificates	0	0	492
Facility Identification Cards	0	0	5,620
Change Request Notifications	0	0	17,774
Incomplete Notifications	0	0	8,887
Brochures/app mailed	0	25,000	25,000
Total mailings	**0**	**25,000**	**255,218**

FY 2019

- 25,000 envelopes ($41 per 1,000) = 25 X $41 = $1,025
- Postage (25,000 x $0.39/postage rate) = $9,750

FY 2020

- 255,218 envelopes ($41 per 1,000) = 256 X $41 = $10,496
- Postage (255,218 x $0.39/postage rate) = $99,535

Criminal Records Check

Section 1.3.(2)(h) suggests that individual identification cards for owners, officers, managers, contractors, employees and other support staff of the licensed facilities shall include a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544. Section 1.7(2) states no licensed facility shall have an owner, officer, manager, contractor, employee or other support staff with a disqualifying felony offense. They assumes that as part of the facility license application, the facilities would need to submit a current finger print based criminal record report as would be promulgated in rule. Therefore, they assume no cost for obtaining the fingerprint check.

Information Technology Services Division (ITSD)

Application Storage Costs

In order to manage the final storage of paper applications submitted, Content Manager for electronic scanning and storage will be utilized. The costs for Content Manager are estimated at $132 per month for the state data server costs, $234 for an annual license for each user who needs to view files and $828 for an annual license for each position with ability to scan/import documents. Content Manager services will not be acquired until FY 2020.

Information Systems Development

Estimating a 12 month project duration with a project team consisting of 4 IT Consultants. Applications will be received as paper submissions to the department. System will print licenses and identification cards for physical delivery to the applicant. The system will be hosted in the State Data Center (SDC) on existing virtual servers. Disk space has been estimated at 50 GB for Development and Test with 150 GB estimated for Production. While we have estimated for a system build it is possible COTS solutions are available at a similar cost. Estimated costs are detailed above in the ITSD-DHSS table.

Division of Administration

DHSS-DA assumes one Accounting Clerk can process 30,000 receipt transactions per year. An Accounting Generalist I/II would be needed to supervise for every five Account Clerks.

Accounting Clerk (A12, $26,340, Step F) duties would include:

- Open and sort mail;
- Process and enter receipts in the department computer system;
- Prepare bank deposits and cash receipts documents;
- Reconcile daily receipts;
- Distribute supporting documentation program.

Accounting Generalist I/II (A25, $41,184, Step G) duties would include:

- Supervise and review the work of Accounting Clerks who are processing the fees.

Each application and license would have a fee transaction.

FY2019	FY2020	Transaction
0	184,596	Patient & Caregiver Application
0	12,849	Patient & Caregiver Cultivation Application
30	92	Cultivation Facility Application
96	288	Dispensing Facility Application
43	131	Manufacturing Facility Application
0	152	Certifications
169	198,108	Total Number of Transactions
	6.00 FTE	Accounting Clerk
	1.00 FTE	Accounting Generalist I/II

Office of General Counsel

Legal Counsel ($50,000)

One full-time attorney would be needed to assist in drafting emergency and proposed regulations and forms; perform legal research and provide day-to-day legal counsel to the program; and represent the department in appeals of licensure and identification card denials.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $11,229 in fiscal year 2019, $35,262 in fiscal year 2020, $67,160 in fiscal year 2025 and thereafter.

Results of studies at this time show conflicting results on the criminal impacts of current medical marijuana laws. However, with the increased licensing and regulation there are also increased possibilities of secondary crimes through false physician recommendations, non-compliance in registration, illegal possession, vehicular infractions or injury, and theft. While many of these violations may carry only municipal or licensing level penalties, some would ultimately fall under felony charges.

Thus, the expected impact of IP 18-51 should bring about 2 new prison admissions and 3 new field admissions in the first year of enactment (FY19). The maximum impact should be expected by FY25 and will lead to an additional 3 offenders in prison and 18 offenders in the field.

In addition, this proposal would be impactful to their department in that we currently test our staff for marijuana use and discipline accordingly. If our staff were to live in a household, or visit another person, who is legally using medical marijuana they would then be exposed to second-hand smoke and would likely test positive themselves. There would be no way for us to determine which of our staff are innocently exposed from those who are abusing this substance illegally.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated total fund costs for General Revenue will be $242,855 for fiscal year 2018, $124,921 for fiscal year 2019, and $126,460 for fiscal year 2020, which includes information technology (IT) related costs of $150,012 for fiscal year 2018, $30,752 for fiscal year 2019, and $31,521 for fiscal year 2020 for IT consultants.

This legislation increases total state revenue by an unknown amount from the sales tax collected on the sale of medical marijuana.

Section 4
The legislation levies a four percent tax on the retail sale of medical marijuana by Medical Marijuana Dispensary Facilities. Their department may retain up to five percent for the cost of collection. The petition creates the Missouri Veterans' Health and Care Fund. The Commissioner of Administration may make cash operating transfers to the fund to meet cash requirements in advance of receiving revenues. The tax levied by this section is separate and in addition to any general state and local sales tax that applies to retail sales. Because their department does not have enforcement responsibilities, it may make more sense for the taxes to be paid to the Department of Health and Senior Services and then sent to their department for deposit into the fund.

Administrative Impact:

Collections & Tax Assistance:
This section will see additional registrations, registration phone calls, business tax account update requests, and delinquent phone contacts from the additional businesses registering to collect sales tax on medical marijuana. Collections and Tax Assistance requires two (2) Revenue Processing Technicians I (Range 10, Step L) per 24,000 additional contacts to the registration section and 15,000 contacts annually on the delinquent tax line. Each technician requires CARES equipment.

Business Tax Processing:
Although the legislation bases the four percent tax on the retail selling price, it is separate from sales and use tax. This tax needs to be reported and deposited separately from sales and use tax. This would require new reporting forms and a new program to track and distribute receipts. This will include a new program within the Integrated Tax System.

Officials from the **Department of Public Safety - Office of Director and the Division of Alcohol and Tobacco Control** each indicated they see no fiscal impact due to this initiative petition.

Officials from the **Missouri State Highway Patrol** indicated for the Criminal Records Fund estimated revenue of $179,040 and estimated costs of $67,140 for fiscal year 2018, unknown impact for fiscal year 2019, and unknown impact for fiscal year 2020.

For each fingerprint-based background check processed, the state retains the $20 state fee and $2 of the federal charge for a pass-thru fee.

The proposed legislation would allow medical marijuana for medical use and provide that it shall be taxed at four percent of the retail price.

According to the 2015 United States Census Bureau's census estimate, Missouri's population was 6,083,672. Based on this total, the number of Cultivation Facilities, Dispensary Facilities, and Infused Products Manufacturing Facilities is as follows:

Cultivation Facilities
Assuming a limit is set at the minimum of 1 facility per 100,000 inhabitants per the proposed amendment, 60 licenses for cultivation facilities may be issued. Further estimating an average of 25 employees per facility, the total number of criminal record checks for employees, owners etc. of Cultivation Facilities equals 1,500 (60 x 25).

Dispensing Facilities
Assuming the maximum number of licenses that will be issued in each of the eight United States Congressional Districts in the state of Missouri is 24, the maximum number of licenses issued for Dispensing facilities equals 192 (24 x 8). Further estimating 10 employees per facility, the total number of criminal record checks for employees, owners etc. of Dispensary Facilities equals 1,920 (192 x 10).

Infused Products Manufacturing Facilities
Assuming a limit is set at the minimum of 1 facility per 70,000 inhabitants (per the proposed constitutional amendment) the number of facilities would equal 87 (6,083,672 / 70,000). Further estimating an average of 25 employees per facility, the total number of criminal record checks for employees, owners, etc. of Cultivation Facilities equals 2,175 (87 x 25).

The estimated number of state and federal fingerprint-based criminal record checks estimated to be generated with the passage of this amendment is 5,595 (1,500 for

Cultivation Facilities; 1,920 - Dispensing Facilities; 2,175 - Infused Products Manufacturing Facilities).

The charge for each background check processed is $40.30. Twenty dollars for the state fingerprint check, $12 for the federal check, and an $8.30 charge for the statewide applicant fingerprinting contractor fee ($20 + $12 + 8.30 = $40.30). Of this amount, the state retains the $20 fee and $2 of the federal charge of $12 for a pass-thru fee. The $8.30 charge is paid directly to the vendor at the time of application.

Estimated Revenue FY18
5,595 x $32 (state/federal background check) $179,040

Estimated Expense FY18
5,595 x $12 (federal background check charge) $67,140

Subsequent yearly background checks will be based on turnover.

Estimated Revenue FY19 and beyond
??? x $32 (state/federal background check)

Estimated Expense FY19 and beyond
??? x $12 (federal background check charge)

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** (OA) indicated:

Article XVI, Section 1 allows the Department of Health and Senior Services (DHSS) to grant or refuse state licenses for the cultivation, manufacture, distribution, and sale of marijuana for medical use. This authority includes the creation and imposition of administrative penalties; however, no actual amounts are given.

The article establishes facility license fees for medical marijuana cultivation facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities. Table 1 outlines the fees and renewal periods by facility license

type. In addition to facility fees, Section 3 creates certifications for a seed-to-sale system, transportation, and medical marijuana testing facilities. DHSS is allowed to charge up to $5,000 per certification and must certify at least two seed-to-sale tracking systems and two testing facilities; however, no minimum requirement was listed for the transportation of medical marijuana.

Table 1: Facility License and Annual Fees

Section	Facility License Type	License Fee* Years 1-3	License Fee* Years 3+	Annual Fee*	Renewal Period
3 (8)	medical marijuana cultivation facilities	$10,000	$5,000	$25,000	Every 3 years
3 (9)	medical marijuana dispensary facilities	$6,000	$3,000	$10,000	Every 3 years
3 (10)	medical marijuana-infused products manufacturing facilities	$6,000	$3,000	$10,000	Every 3 years

**License fees and annual fees shall be adjusted each year in accordance with the Consumer Price Index as published by the U.S. Department of Labor.*

Section 3 (12) allows qualifying patients, or his or her primary caregiver, to obtain an identification card allowing for personal cultivation of up to six flowering marijuana plants. Section 3 (19) and Section 3 (20) establish identification cards for qualifying patients of medical marijuana and primary caregivers. Table 2 outlines the fees and renewal periods for the different identification cards.

Table 2: Identification Fees

Section	Identification Type	Fee*	Renewal Period
3 (12)	Personal Cultivation I.D. Card	$100	annually
3 (19)	Qualifying Patient - Identification card	$25	annually
3 (20)	Primary Caregiver - Identification card	$25	annually

**License fees and annual fees shall be adjusted each year in accordance with the Consumer Price Index as published by the U.S. Department of Labor.*

Section 3 (15) states that DHSS may restrict the number of licenses for medical marijuana cultivation facilities; however, the number may not be limited to less than one license per one hundred thousand inhabitants of Missouri. Section 3 (16) states that DHSS may restrict the number of licenses for marijuana-infused products manufacturing facilities; however, the number may not be limited to less than one license per seventy thousand inhabitants of Missouri. Section 3 (17) states that DHSS may limit the number of dispensary facilities to twenty-four licenses in each United States Congressional district. Table 3 outlines the facility count limits and estimates what the facility counts would be based on 2010 U.S. Census data should these limits be implemented. Once the minimum number of facilities has been established, any decrease in the number of inhabitants within Missouri, or changes to the number or boundaries of the Congressional Districts, shall have no impact to the established minimum number of licenses allowed by the article.

Table 3: Facility Count Limits			
Section	**Facility Type**	**Minimum Limit**	**Facility Count**
3 (15)	cultivation facilities	1 per 100,000	60
3 (16)	marijuana-infused products manufacturing facilities	1 per 70,000	86
3 (17)	medical marijuana dispensaries	24 per U.S. Congressional District	192

Section 4 (1) creates a 4% sales tax on the retail sale of marijuana for medical use sold at medical dispensary facilities within the state. Revenues from this tax shall be paid to the Department of Revenue (DOR). DOR may retain up to five percent for collection costs. The remainder shall be deposited in the Missouri Veterans' Health and Care Fund.

Section 4 (2) creates the Missouri Veterans' Health and Care Fund in the state treasury which will consist of taxes and fees collected under this section. This fund shall be a dedicated fund and shall stand appropriated without further legislative action. DHSS shall be appropriated an amount necessary to carry out this section. The remainder shall be transferred to the Missouri Veterans' Commission for health and care services for military veterans.

Section 9 states that the effective date of Article XVI would be December 6, 2018. However, B&P estimates that revenue generation would not begin until at least June 2019 for patients and July 2019 for facilities given the provisions in Section 3.

Using data from Arizona, which has a similar medical marijuana law, B&P estimates that up to 65,547 patients and caregivers could utilize this bill. Of these, up to 2,000 may gain approval for personal cultivation. B&P estimates that annual fees for patients, caregivers, and personal cultivation could generate approximately $1.4M annually by FY 2021, assuming growth is similar to that seen with the Arizona medical marijuana program.

B&P estimates that license fees for medical marijuana facilities could generate approximately $2.3M in FY 2020, and $1.1M every three years thereafter. The initiative petition does not specify whether these facilities would pay the annual fee and a license renewal fee every three years. Therefore, B&P assumes that both would need to be paid in the third year of a license. Table 4 outlines the revenues from the license and annual fees.

Table 4: License and Annual Fees by Patient and Facility Type					
Patient and Facility Type	**Revenue Generated by License Fees**				
	FY 2019	**FY 2020***	**FY 2021***	**FY 2022***	**FY 2023***
Patients and Caregivers**	$87,000	$1,046,000	$1,186,000	$1,704,000	$1,737,000
Personal Cultivation**	$17,000	$200,000	$204,000	$208,000	$212,000
Cultivation Facilities^		$600,000	$1,531,000	$1,561,000	$1,905,000
Infused Product Manufacturer^		$516,000	$879,000	$896,000	$1,183,000
Dispensary^		$1,152,000	$1,962,000	$2,000,000	$2,642,000
Total	**$104,000**	**$3,514,000**	**$5,762,000**	**$6,369,000**	**$7,679,000**

**Assumes 2% inflation*

***Assumes growth similar to that seen in the medical marijuana program in Arizona*

^ Assumes a 1.2% turnover rate in facility licenses

Section 4 requires a four percent sales tax to be applied to all sales of marijuana products, in addition to current state and local sales tax. Based on sales data from Arizona during 2014 of $110M and 2015 of approximately $155.7M, B&P calculates that this provision could increase TSR by $6.6M and GR by $4.7M once fully implemented. Table 5 outlines the estimated revenues from each tax and where revenues will be directed.

Table 5: Sales Tax Revenues					
Sales Tax Fund	**Revenue Generated by Sales Tax**				
	FY 2019	**FY 2020***	**FY 2021***	**FY 2022***	**FY 2023***
Missouri Veterans' Health and Care Fund		$2,200,000	$6,229,000	$6,229,000	$6,229,000
General Revenue		$1,650,000	4,672,000	4,672,000	4,672,000
Education		$550,000	$1,557,000	$1,557,000	$1,557,000
Parks, Soil, and Water		$55,000	$156,000	$156,000	$156,000
Conservation		$69,000	$195,000	$195,000	$195,000
Total	**$0**	**$4,524,000**	**$12,809,000**	**$12,809,000**	**$12,809,000**

**Based on sales data from Arizona during 2014 and 2015*

B&P estimates that all provisions in this initiative petition could increase TSR by $2.3M and GR by $1.7M in FY20. In FY21, TSR could increase by $6.6M and GR by $4.7M. This initiative petition will not impact the calculations under 18(e).

Table 6: Summary of Revenue Generated by Medical Marijuana Taxes and Fees					
Revenue Source	**Revenue Generated by License Fees**				
	FY 2019	**FY 2020**	**FY 2021***	**FY 2022***	**FY 2023***
License and Annual Fees					
*Patients and Caregivers***	0.1	1.0	1.2	1.7	1.7
Personal Cultivation**	0.0	0.2	0.2	0.2	0.2
Cultivation Facilities^		0.6	1.5	1.6	1.9
Infused Product Manufacturer^		0.5	0.9	0.9	1.2
Dispensary^		1.2	2.0	2.0	2.6
Total License and Annual Fees:	0.1	3.5	5.8	6.4	7.7
Sales Tax^^					
Missouri Veterans' Health and Care Fund		2.2	6.2	6.2	6.2
General Revenue		1.7	4.7	4.7	4.7
Education		0.6	1.6	1.6	1.6
Parks, Soil, and Water		0.1	0.2	0.2	0.2
Conservation		0.1	0.2	0.2	0.2
Total Sales Tax:		4.5	12.8	12.8	12.8
Total Revenue to Missouri Veterans' Health and Care Fund	**0.1**	**5.7**	**12.0**	**12.6**	**13.9**
Total State Revenues		**2.3**	**6.6**	**6.6**	**6.6**
Total Local Sales Tax		**2.0**	**5.7**	**5.7**	**5.7**

figures in $M

**Assumes 2% inflation*

***Assumes growth similar to that seen in the medical marijuana program in Arizona*

^ Assumes a 1.2% turnover rate in facility licenses

^^Based on sales data from Arizona during 2014 and 2015

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted

each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated sales taxes could be collected. No amount can be reasonably estimated.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from **University of Missouri** indicated the University of Missouri Health Care (MUHC) has reviewed the proposed initiative petition and determined that the fiscal impact should not exceed $100,000 annually.

Joy Sweeney, Executive Director, Council for Drug Free Youth provided the following information for this initiative petition.

Fiscal Impact of Marijuana Legalization

The fiscal impact of marijuana legalization is far reaching. Colorado has provided a great deal of data for Missouri to utilize to determine the impact legalization will have here.

The information in this report is from The Rocky Mountain High Intensity Drug Trafficking Area (HIDTA) Report[1], and it provides a basis of study for the effects of the legalization of marijuana, including fiscal ramifications. The American Society of Addiction Medicine (ASAM) "asserts that the anticipated public health costs of marijuana legalization are significant…"[2] **It is important to note the various costs incurred with legalization, including enforcement, prevention, education, treatment, medical costs, etc.** By utilizing the HIDTA Report, Missouri can predict the cost to the state. A summary of their findings follows:

Colorado tracked data from three waves of marijuana legalization:

- 2006-2008 is the "early medical marijuana era"
- 2009-Present is the "medical marijuana commercialization and expansion era"
- 2013-Present is the "recreational marijuana era"

<u>Impaired Driving</u>

Marijuana-related traffic deaths increased 48 percent in the three-year average (2013-2015) since Colorado legalized recreational marijuana compared to the three-year average (2010-2012) prior to legalization.

During the same time, all traffic deaths increased 11 percent.

Marijuana-related traffic deaths increased 62 percent from 71 to 115 persons after recreational marijuana was legalized in 2013.

In 2009, Colorado marijuana-related traffic deaths involving operators testing positive for marijuana represented 10 percent of all traffic fatalities. By 2015, that number doubled to 21 percent.

The Colorado State Patrol DUID Program 2015 data includes:

- 77 percent (665) of the 862 DUIDs involved marijuana
- 40 percent (347) of the 862 DUIDs involved marijuana only

Average Marijuana Related Fatalities increased 48% between 2008-2012 and 58% between 2012-2015.

Operators involved in fatalities testing positive for marijuana more than tripled:

- 2006 was 4.03%
- 2009 was 6.41%
- 2013 was 8.97%

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[1] *Rocky Mountain High Intensity Drug Trafficking Area*. "The Legalization of Marijuana in Colorado: The Impact". Volume 4, September 2016. http://www.rmhidta.org/html/2016%20FINAL%20Legalization%20of%20Marijuana%20in%20Colorado%20The%20Impact.pdf

[2] American Society of Addiction Medicine, *State-Level Proposals to Legalize Marijuana*, http://www.asam.org/advocacy/find-a-policy-statement/view-policy-statement/public-policy-statements/2012/07/30/state-level-proposals-to-legalize-marijuana, July 2012.

- 2015 was 12.06%

Effects on Youth

From school years 2008-2014, **drug related suspensions/expulsions increased 40%.**
58% of all drug related expulsions were for marijuana.

Past month marijuana use for youth aged 12-17 reports:

National rates	Colorado rates
2008-6.72 % of youth	2008-8.75% of youth
2014-7.22% of youth	2014-11.74% of youth

Referrals to Law Enforcement

In 2006, total drug related referrals to law enforcement were 23.4%; compared to alcohol at 8%.
In 2016, total referrals were 29.7%, compared to 4.3% for alcohol.
In the 2015/16 school year, 73% of all drug related referrals were for marijuana.

Emergency Room Visits Related to Marijuana

2012-9,982
2013-12,888
2014-18,255
From 2012-2014, there was a 49% increase.

Total of all hospitalizations that were marijuana related:
2000-2,541
2013-8,078
2014-9,856

The national **average percent of children ages 0-5 reported for marijuana exposure** from 2010-2013 was 4.97%. **In Colorado it was 17.81%**

Between 2003 and 2013, accidental marijuana exposure to youth under age six increased by about 150 percent.

Treatment Admissions for Marijuana

Data from Colorado from 2005-2013 doesn't demonstrate a definitive trend and averages about 6,500 admissions a year….There may be a drop in treatment admissions for marijuana abuse among adults because of a reduction in criminal justice referrals through diversion and drug courts due to fewer people entering the system.

73.6% of youth in the Denver Health Clinic youth are male, the mean age is 15.8 years, and 98.1% are there primarily for cannabis use disorder.

Other Pertinent Information

- As of January 2016, there were 424 retail marijuana stores in the state of Colorado compared to 322 Starbucks and 202 McDonald's.
- 68 percent of local jurisdictions have banned medical and recreational marijuana businesses.
- From 2014 to 2015, property crime increased 6.2 percent, violent crime increased 6.7 percent, and all crime increased 6.2 percent.
- 93% of CO medical marijuana card holders obtained it to treat "severe pain"

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College,** and the **Lieutenant Governor's Office**.

Fiscal Note Summary

This proposal is estimated to generate annual taxes and fees of $18 million for state operating costs and veterans programs, and $6 million for local governments. Annual state operating costs are estimated to be $7 million.

RECEIVED
NOV 28 2016
STATE AUDITORS OFFICE

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

November 28, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Timothy Gilio regarding a proposed constitutional amendment to Article IV

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Timothy Gilio on November 28, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
NOV 28 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____I, _____, being first duly sworn, say (print or type names of signers)

Name (signature)	Date Signed	Street Address, City	Zip Code	Cong Dist.	Name (printed)

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age.

I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant

_____

_____

Subscribed and sworn to before me this ____day of _____, _____A.D.

Signature of Notary_____

Address of Notary_____

_____

My commission expires _____

If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors.

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)(c), 195.010.(10)(d), 195.010.(17)(g), 195.010.(17)(1), 195.010(24), 195.015.4, 195.017.2(4), 195.017.2(4)(z), 195.017.2(4)(ii), 195.140.2(2), 195.202.2, 195.203.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7, 195.223.7, 195.223.8, 263.250.1

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1.Cannabis aka marijuana and cannabis hemp shall immediately be removed from Missouri's list of controlled substances and shall no longer be listed among Missouri's drugs schedules.

2. Definitions of terms used in this Act: cannabis and cannabis hemp refer to cannabis marijuana, cannabis sativa, cannabis indica, cannabis ruderalis or any variety of cannabis including any derivative, concentrate, extract, flower leaf particle preparation resin root salt seed stalk stem or any product thereof.
a. Medical cannabis refers to Physician or Veterinarian written recommended use of cannabis or any form of cannabis derivative, concentrate, extract, flower, stem, stalk, root, leaf, or any Cannabis product thereof.
b. Personal aka recreational use refers to any cannabis products use not recommended by Physician's or Veterinarian's
c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging or storing of cannabis or hemp or for ingesting, inhaling, vaporizing smoking or otherwise introducing cannabis into or onto the human body with any vehicle or what could be construed as a dangerous device.
d. Establishment refers to cannabis cultivating facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares manufactures packages transports or sells cannabis or hemp products or accessories.

3. Minors refers to anyone under the age of 21
a. Cannabis or its products shall not be sold to anyone under the age 21.
b. Anyone under the age 21 shall have legal access to cannabis through a physician's written recommendation, parental supervision or a legal guardian for medical conditions or diseases that cannabis might help with.
c. No minor shall be prosecuted for possession of cannabis or its products & shall not be prohibited from taking cannabis as medicine in any school within the boundaries of Missouri.

4. The following acts are not unlawful and shall not be an offense under these revised Missouri law's
a. Possession or cultivation of cannabis for personal or medical use in an area sufficient to produce the quantity necessary to address one's personal or medical needs
b. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display, or possessing of any non-toxic food or food product.
c. Providing cannabis, aka marijuana and or any part of the cannabis plant thereof to be sold to the public must be tested by an accredited testing facility and all packaging labeled accordingly to reflect said testing.
d. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs through e of this section
e. The use or possession of cannabis is not grounds alone for a "DUI" driving under the influence infraction

5. Patients' rights: cannabis shall be available to all patients regardless of age, race or gender without taxation when recommended by a physician as a medicine.
a. All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through conventional therapeutic means.

6. All prisoners that have been found guilty in a Missouri Court off a nonviolent cannabis related crime shall immediately be released and all charges for non-violent cannabis crimes shall be expunged from their records.
a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related nonviolent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.

7. No Missouri law enforcement personnel, state, county, city employee, state or federal funds shall be used to asset or aid in the enforcement of federal or preexisting Missouri cannabis or hemp laws involving acts which are no longer illegal in the state of Missouri under this amendment to the Missouri constitution.
a. Any person who impedes the lawful exercise of these provisions is guilty of a class A misdemeanor and is subject to all penalties or fines thereof.
b. An additional 5% tax will be added to all personal / recreational sales of Cannabis not to include any Hemp or Hemp by products sold within the boundaries of Missouri in addition to any established state, county or city sales tax already set in place to be collected by the State of Missouri Sales Taxation Division. The 5% additional sales tax monies collected will be collected by the State of Missouri Sales Taxation Division, divided and distributed as directed in this paragraph on a quarterly basis as follows, 2.5% will go to Missouri Public Schools that teach Preschool or K through 12 grade or any combination of for-mentioned . The remaining 2.5% will be directed to the Missouri Veteran Administration to help with housing, clothing, food and medical needs for our multitude of Missouri veterans.

8. Cannabis farmers, manufacturer's processors and distributors shall not be subject to any special zoning requirements, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor of agricultural products.

9. Pursuant to the ninth and tenth amendments to the constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.
a. The state of Missouri will honor all legally obtained patients medical cards regardless of the state where issued and Missouri shall become reciprocity with all legal states where Cannabis is considered legalized by law for medical or recreational use.
b. Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians or Veterinarian's ; no physician or Veterinarian shall be subject to any professional license review or hearing as a result of recommending or approving medical cannabis therapy.
c. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis, hemp or any derivatives or parts thereof.

10. All provisions of this section are self-executing and serviceable. Except where otherwise indicated in the text of this document this constitutional amendment shall supersede any and all conflicting city, county, state or federal statutory, local charter, ordinance or resolution and shall be implemented no later than January 31st, following the election that placed this initiative before the people of Missouri.

STATE AUDITOR'S OFFICE
RECEIVED
NOV 23 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 23, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III, version 8 (2018-049)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sean Soendker Nicholson on November 23, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
NOV 23 2016
MO. SECRETARY OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication, the following Articles and Sections of the Constitution of Missouri: Article I, Section 8 and the following Sections of the Missouri Revised Statutes: Sections 105.450 through 105.496 and Sections 130.011 through 130.160. The proposed amendment revises Article III of the Constitution by amending Sections 2, 5, 7, and 19 and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d).

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article III of the Constitution is revised by amending Sections 2, 5, 7, 19, and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d) to read as follows:

Section 2.

After the effective date of this section, no person serving as a member of or employed by the General Assembly shall act or serve as a paid lobbyist, register as a paid lobbyist, or solicit prospective employers or clients to represent as a paid lobbyist during the time of such service until the expiration of two calendar years after the conclusion of the session of the general assembly in which the member or employee last served and where such service was after the effective date of this section.

(a) No person serving as a member of or employed by the General Assembly shall accept directly or indirectly a gift of any tangible or intangible item, service, or thing of value from any paid lobbyist or lobbyist principal in excess of five dollars per occurrence. This Article shall not prevent Candidates for the General Assembly, including candidates for reelection, or candidates for offices within the senate or house from accepting campaign contributions consistent with this Article and applicable campaign finance law. Nothing in this section shall prevent individuals from receiving gifts, family support or anything of value from those related to them within the fourth degree by blood or marriage. The dollar limitations of this section shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency and rounded to the nearest dollar amount.

(c) The General Assembly shall make no law authorizing unlimited campaign contributions to candidates for the General Assembly, nor any law that circumvents the contribution limits contained in this Constitution. In addition to other campaign contribution limitations or restrictions provided for by law, the amount of contributions made to or accepted by any candidate or candidate committee from any person other than the candidate in any one election for the General Assembly shall not exceed the following:

(1) To elect an individual to the office of state senator, two thousand five hundred dollars; and

(2) To elect an individual to the office of state representative, two thousand dollars.

The contribution limits and other restrictions of this section shall also apply to any person exploring a candidacy for a public office listed in this subsection.

For purposes of this subsection, "base year amount" shall be the contribution limits prescribed in this section. Contribution limits set forth herein shall be adjusted on the first day of January in each even-numbered year hereafter by multiplying the base year amount by the cumulative consumer price index and rounded to the nearest dollar amount, for all years after 2018.

(d) No contribution to a candidate for legislative office shall be made or accepted, directly or indirectly, in a fictitious name, in the name of another person, or by or through another person in such a manner as to, or with the intent to, conceal the identity of the actual source of the contribution. There shall be a rebuttable presumption that a contribution to a candidate for public office is made or accepted with the intent to circumvent the limitations on contributions imposed in this section when a contribution is received from a committee or organization that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations. A committee or organization shall be deemed to be primarily funded by a single person, individual, or other committee when the committee or organization receives more than fifty percent of its annual funding from that single person, individual, or other committee.

(e) In no circumstance shall a candidate be found to have violated limits on acceptance of contributions if the Missouri Ethics Commission, its successor agency, or a court determines that a candidate has taken no action to indicate acceptance of or acquiescence to the making of an expenditure that is deemed a contribution pursuant to this section.

(f) No candidate shall accept contributions from any federal political action committee unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The non-partisan state demographer shall be appointed by the Governor through a merit based process. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.

(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned [in the following manner:] as provided in this section.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

(a) Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census.

(b) Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily,

competitiveness. Partisan fairness means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. Competitiveness means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the non-partisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the non-partisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. Wasted votes are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the non-partisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the non-partisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The non-partisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

(c) Subject to the requirements of subdivisions (1)(a) and (1)(b), Districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

(d) To the extent consistent with subdivisions (1)(a) – (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

(e) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) – (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

(2). Within sixty days after the population of this state is reported to the President for each decennial census of the United States [and] or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days [after notification by the governor] that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary[and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission the commission shall receive the tentative plan of apportionment and map of the proposed districts ordered in subsection 4 of this section and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 5.

(a) The Senate shall consist of thirty-four members elected by the qualified voters of the senatorial [respective] districts for a term of four years. [For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.] Senatorial districts shall be apportioned as provided for in Article III, Section 7.

Section 7.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, [and] or within sixty days after [notification by the governor that] a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven members.

After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided,

except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 19.

(a) Senators and representatives shall, in all cases except treason, felony, offenses under this Article, or breach of the peace, be privileged from arrest during the session of the general assembly, and for the fifteen days next before the commencement and after the termination of each session; and they shall not be questioned for any speech or debate in either house in any other place.

(b) Legislative records shall be public records and subject to generally applicable state laws governing public access to public records, including the "Sunshine Law." Legislative records include, but are not limited to, all records, in whatever form or format, of the official acts of the general assembly, of the official acts of legislative committees, of the official acts of members of the general assembly, of individual legislators, their employees and staff, of the conduct of legislative business and all records that are created, stored or distributed through legislative branch facilities, equipment or mechanisms, including electronic. Each member of the general assembly is the custodian of legislative records under the custody and control of the member, their employees and staff. The chief clerk of the house or the secretary of the senate are the custodians for all other legislative records relating to the house and the senate, respectively.

(c) Legislative proceedings, including committee proceedings, shall be public meetings subject to generally applicable law governing public access to public meetings, including the "Sunshine Law." Open public meetings of legislative proceedings shall be subject to recording by citizens, so long as the proceedings are not materially disrupted.

Section 20(c).

No political fundraising activities or political fundraising event by any member of or candidate for the general assembly, including but not limited to the solicitation or delivery of contributions, supporting or opposing any candidate, initiative petition, referendum petition, ballot measure, political party or political committee, shall occur in or on any premises, property or building owned, leased or controlled by the State of Missouri or any agency or division thereof. Any purposeful violation of this section shall be punishable by imprisonment for up to one year or a fine of up to one thousand dollars or both, plus an amount equal to three times the illegal contributions. The Missouri Ethics Commission or its successor agency is authorized to enforce this section as provided by law.

Section 20(d).

If any provision of sections 2, 3, 7, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-049)

Subject

Initiative petition from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III. (Received November 23, 2016)

Date

December 13, 2016

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Ethics Commission,** and the **State Auditor's office.**

Sean Soendker Nicholson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there would be no impact to their department as a result of this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department. They also indicated we haven't mentioned it before now, but Section 2 goes from (a) to (c) – it skips (b).

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated the Governor is responsible for appointing a non-partisan State Demographer; however, there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this initiative petition revises Article III of the Missouri Constitution by amending Sections 2, 5, 7, and 19 and enacting three new sections.

Legislators and their employees are prohibited from lobbying for at least two years after the conclusion of the session during which they vacate office, and from acting as paid consultants while in office. Legislators and their staff are prohibited from accepting a gift in excess of five dollars, per occurrence.

The initiative creates the post of "non-partisan State Demographer" to oversee the redistricting process for the state House and Senate districts. The demographer is to be selected by the Governor through a merit-based system and shall serve a term of five years. This demographer will be unable to hold elected office for four years following the filing of the new legislative districts. The redistricting process shall maximize partisan fairness and competitiveness.

It mandates that legislative records which are created, stored or distributed through legislative branch facilities, equipment or mechanisms shall be public. It allows explicitly identified legislative proceedings as open meetings and authorizes recording of such proceedings by citizens.

Political fundraising activities and events may not be held in any location owned by, or under the control of, the State of Missouri.

Campaign contributions for state senators are limited to $2,500 and representatives are limited to $2,000, with CPI adjustments made in even-numbered years. Also, contributions from federal political action committees are prohibited unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

This proposal could have an impact on the Office of Administration. There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. If the existing State Demographer would be expected to assume the role of "Non-partisan State Demographer," there would be no fiscal impact. However, if that post is filled by another individual, the salary and benefits costs would be an estimated $128,513 in FY 2021, adjusted for inflation. In either scenario, the cost for other staff hired for the purposes of redistricting would remain the same.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated no impact to their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this should not have a fiscal impact on local government.

Officials from the **Metropolitan Community College** indicated there is no anticipated impact for their college.

Officials from the **University of Missouri** indicated there are no anticipated financial impacts.

Officials from the **Missouri Ethics Commission** (MEC) indicated:

possible increased operating costs of $67,478 for the first year implemented, $61,107 for the second year implemented, and $61,734 for the third year implemented.

Prohibiting a statewide elected official, member of the general assembly or paid employee of general assembly from acting, serving, or registering as a lobbyist for a specified period of time after leaving office would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight to ensure those individuals leaving the general assembly do not register as a lobbyist with the MEC for the specified period of time. This would entail reviewing lobbyist registrations, at the time of receipt by the MEC, and comparing them to those members of the general assembly who have left office within the specified period of time. For any individual submitting a registration, create the necessary correspondence to the registrant and track the results of the correspondence.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Implementing prohibition for a member of general assembly, staff/employees of the general assembly to accept specified monetary lobbyist/lobbyist principal gifts would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific gift prohibition, including reviewing lobbyist reports as established in Section 105.959, RSMo. This oversight, it is assumed, would be primarily from receiving written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission would require additional staff resources.

Implementing campaign finance limits would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about these limits;

examples include providing education, developing informational materials, telephone and email assistance.

- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

Oversee the prohibition of political fundraising activities or events from occurring on State of Missouri property or any agency or division thereof would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about this provision; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific restrictions, including reviewing, auditing, and performing cross checks of the reported fund raising activity, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

In regards to all of the provisions outlined above, if the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The implementation of contribution limits requires the Missouri Ethics Commission to request additional funding. Below is an outline of the additional funding. In the 2016 November General Election a Constitutional Amendment implementing contribution limits was adopted by voters. At this time, the Missouri Ethics Commission has not received the additional funding required to implement contribution limits.

The proposed provisions would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

•$15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

•1 Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800

committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.

•If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo, or complaints received increase significantly an Investigator would be required to provide the proper oversight.

Officials from the **State Auditor's office** (SAO) indicated there is no fiscal impact for their office.

Sean Soendker Nicholson provided the following information as a proponent of this initiative petition.

I am a proponent of this initiative petition. Pursuant to 116.175 RSMo, I submit the following information regarding the initiative petition.

There is no cost to the state over the next two years as a result of passage of any of the initiatives. Any potential costs arising from the adoption of these proposals is minimal and can be absorbed with existing resources from the General Assembly, Missouri Ethics Commission, Attorney General's Office, Office of Administration, and other state agencies.

There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. The existing State Demographer can be expected to assume the role of Non-partisan State Demographer, and there would be no fiscal impact. Certainly there can be no definitive judgment that the measure would add costs for the state.

The proposals do not establish a new program or agency so there is no duplication of existing programs. There is no federal mandate with regard to the proposals. There will be no fiscal impact on any subdivision of the state. There will be no economic impact on small businesses.

The Missouri Ethics Commission is already required to provide guidance and information to members of the General Assembly and Missouri public about campaign finance rules and lobbying rules, and is already required to respond to written complaints through conducting investigations and the related legal actions.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate annual operating costs may increase by $189,000. Local governmental entities expect no fiscal impact.

STATE AUDITOR'S OFFICE
RECEIVED
NOV 23 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 23, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III, version 7 (2018-048)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sean Soendker Nicholson on November 23, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 23 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

	NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication, the following Articles and Sections of the Constitution of Missouri: Article I, Section 8 and the following Sections of the Missouri Revised Statutes: Sections 105.450 through 105.496 and Sections 130.011 through 130.160. The proposed amendment revises Article III of the Constitution by amending Sections 2, 5, 7, and 19 and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d).

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article III of the Constitution is revised by amending Sections 2, 5, 7, 19, and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d) to read as follows:

Section 2.

After the effective date of this section, no person serving as a member of or employed by the General Assembly shall act or serve as a paid lobbyist, register as a paid lobbyist, or solicit prospective employers or clients to represent as a paid lobbyist during the time of such service until the expiration of two calendar years after the conclusion of the session of the general assembly in which the member or employee last served and where such service was after the effective date of this section.

(a) No person serving as a member of or employed by the General Assembly shall accept directly or indirectly a gift of any tangible or intangible item, service, or thing of value from any paid lobbyist or lobbyist principal in excess of five dollars per occurrence. This Article shall not prevent Candidates for the General Assembly, including candidates for reelection, or candidates for offices within the senate or house from accepting campaign contributions consistent with this Article and applicable campaign finance law. Nothing in this section shall prevent individuals from receiving gifts, family support or anything of value from those related to them within the fourth degree by blood or marriage. The dollar limitations of this section shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency and rounded to the nearest dollar amount.

(c) The General Assembly shall make no law authorizing unlimited campaign contributions to candidates for the General Assembly, nor any law that circumvents the contribution limits contained in this Constitution. In addition to other campaign contribution limitations or restrictions provided for by law, the amount of contributions made to or accepted by any candidate or candidate committee from any person other than the candidate in any one election for the General Assembly shall not exceed the following:

(1) To elect an individual to the office of state senator, two thousand five hundred dollars; and

(2) To elect an individual to the office of state representative, two thousand dollars.

The contribution limits and other restrictions of this section shall also apply to any person exploring a candidacy for a public office listed in this subsection.

For purposes of this subsection, "base year amount" shall be the contribution limits prescribed in this section. Contribution limits set forth herein shall be adjusted on the first day of January in each even-numbered year hereafter by multiplying the base year amount by the cumulative consumer price index and rounded to the nearest dollar amount, for all years after 2018.

(d) No contribution to a candidate for legislative office shall be made or accepted, directly or indirectly, in a fictitious name, in the name of another person, or by or through another person in such a manner as to, or with the intent to, conceal the identity of the actual source of the contribution. There shall be a rebuttable presumption that a contribution to a candidate for public office is made or accepted with the intent to circumvent the limitations on contributions imposed in this section when a contribution is received from a committee or organization that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations. A committee or organization shall be deemed to be primarily funded by a single person, individual, or other committee when the committee or organization receives more than fifty percent of its annual funding from that single person, individual, or other committee.

(e) In no circumstance shall a candidate be found to have violated limits on acceptance of contributions if the Missouri Ethics Commission, its successor agency, or a court determines that a candidate has taken no action to indicate acceptance of or acquiescence to the making of an expenditure that is deemed a contribution pursuant to this section.

(f) No candidate shall accept contributions from any federal political action committee unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The non-partisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the non-partisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the non-partisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the non-partisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.

(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned [in the following manner:] as provided in this section.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

(a) Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total

population of the state reported in the federal decennial census.

(b) Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily, competitiveness. Partisan fairness means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. Competitiveness means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the non-partisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the non-partisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. Wasted votes are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the non-partisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the non-partisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The non-partisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

(c) Subject to the requirements of subdivisions (1)(a) and (1)(b), Districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

(d) To the extent consistent with subdivisions (1)(a) – (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

(e) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) – (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

(2). Within sixty days after the population of this state is reported to the President for each decennial census of the United States [and] or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days [after notification by the governor] that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary[and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-

partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission the commission shall receive the tentative plan of apportionment and map of the proposed districts ordered in subsection 4 of this section and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 5.

(a) The Senate shall consist of thirty-four members elected by the qualified voters of the senatorial [respective] districts for a term of four years. [For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.] Senatorial districts shall be apportioned as provided for in Article III, Section 7.

Section 7.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, [and] or within sixty days after [notification by the governor that] a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven members.

After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 19.

(a) Senators and representatives shall, in all cases except treason, felony, offenses under this Article, or breach of the peace, be privileged from arrest during the session of the general assembly, and for the fifteen days next before the commencement and after the termination of each session; and they shall not be questioned for any speech or debate in either house in any other place.

(b) Legislative records shall be public records and subject to generally applicable state laws governing public access to public records, including the "Sunshine Law." Legislative records include, but are not limited to, all records, in whatever form or format, of the official acts of the general assembly, of the official acts of legislative committees, of the official acts of members of the general assembly, of individual legislators, their employees and staff, of the conduct of legislative business and all records that are created, stored or distributed through legislative branch facilities, equipment or mechanisms, including electronic. Each member of the general assembly is the custodian of legislative records under the custody and control of the member, their employees and staff. The chief clerk of the house or the secretary of the senate are the custodians for all other legislative records relating to the house and the senate, respectively.

(c) Legislative proceedings, including committee proceedings, shall be public meetings subject to generally applicable law governing public access to public meetings, including the "Sunshine Law." Open public meetings of legislative proceedings shall be subject to recording by citizens, so long as the proceedings are not materially disrupted.

Section 20(c).

No political fundraising activities or political fundraising event by any member of or candidate for the general assembly, including but not limited to the solicitation or delivery of contributions, supporting or opposing any candidate, initiative petition, referendum petition, ballot measure, political party or political committee, shall occur in or on any premises, property or building owned, leased or controlled by the State of Missouri or any agency or division thereof. Any purposeful violation of this section shall be punishable by imprisonment for up to one year or a fine of up to one thousand dollars or both, plus an amount equal to three times the illegal contributions. The Missouri Ethics Commission or its successor agency is authorized to enforce this section as provided by law.

Section 20(d).

If any provision of sections 2, 3, 7, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-048)

Subject

Initiative petition from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III. (Received November 23, 2016)

Date

December 13, 2016

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Ethics Commission,** and the **State Auditor's office.**

Sean Soendker Nicholson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there would be no impact to their department as a result of this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this initiative petition revises Article III of the Missouri Constitution by amending Sections 2, 5, 7, and 19 and enacting three new sections.

Legislators and their employees are prohibited from lobbying for at least two years after the conclusion of the session during which they vacate office, and from acting as paid consultants while in office. Legislators and their staff are prohibited from accepting a gift in excess of five dollars, per occurrence.

The initiative creates the post of "non-partisan State Demographer" to oversee the redistricting process for the state House and Senate districts. The demographer is to be selected by a process involving the State Auditor and the Senate majority and minority leaders. Note that the wording is unclear on this process because the only State Auditor list mentioned in the list of at least three names. Therefore, if each the minority and the majority member are allowed to remove one-third of the list, and the list is only three names, they may each remove one person, leaving only one choice left, so no random lottery would be necessary. This demographer will be unable to hold elected office for four years following the filing of the new legislative districts. The redistricting process shall maximize partisan fairness and competitiveness.

It mandates that legislative records which are created, stored or distributed through legislative branch facilities, equipment or mechanisms shall be public. It allows explicitly identified legislative proceedings as open meetings and authorizes recording of such proceedings by citizens.

Political fundraising activities and events may not be held in any location owned by, or under the control of, the State of Missouri.

Campaign contributions for state senators are limited to $2,500 and representatives are limited to $2,000, with CPI adjustments made in even-numbered years. Also, contributions from federal political action committees are prohibited unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

This proposal could have an impact on the Office of Administration. There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. If the existing State Demographer would be chosen to assume the role of "Non-partisan State Demographer," there would be no fiscal impact. However, if that post is filled by another individual, the salary and benefits costs would be an estimated $128,513 in FY 2021, adjusted for inflation. In either scenario, the cost for other staff hired for the purposes of redistricting would remain the same.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated no impact to their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this should not have a fiscal impact on local government.

Officials from the **Metropolitan Community College** indicated there is no anticipated impact for their college.

Officials from the **University of Missouri** indicated there are no anticipated financial impacts.

Officials from the **Missouri Ethics Commission** (MEC) indicated:

possible increased operating costs of $67,478 for the first year implemented, $61,107 for the second year implemented, and $61,734 for the third year implemented.

Prohibiting a statewide elected official, member of the general assembly or paid employee of general assembly from acting, serving, or registering as a lobbyist for a specified period of time after leaving office would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight to ensure those individuals leaving the general assembly do not register as a lobbyist with the MEC for the specified period of time. This would entail reviewing lobbyist registrations, at the time of receipt by the MEC, and comparing them to those members of the general assembly who have left office within the specified period of time. For any individual submitting a registration, create the necessary correspondence to the registrant and track the results of the correspondence.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Implementing prohibition for a member of general assembly, staff/employees of the general assembly to accept specified monetary lobbyist/lobbyist principal gifts would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific gift prohibition, including reviewing lobbyist reports as established in Section 105.959, RSMo. This oversight, it is assumed, would be primarily from receiving written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission would require additional staff resources.

Implementing campaign finance limits would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about these limits;

examples include providing education, developing informational materials, telephone and email assistance.

- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

Oversee the prohibition of political fundraising activities or events from occurring on State of Missouri property or any agency or division thereof would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about this provision; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific restrictions, including reviewing, auditing, and performing cross checks of the reported fund raising activity, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

In regards to all of the provisions outlined above, if the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The implementation of contribution limits requires the Missouri Ethics Commission to request additional funding. Below is an outline of the additional funding. In the 2016 November General Election a Constitutional Amendment implementing contribution limits was adopted by voters. At this time, the Missouri Ethics Commission has not received the additional funding required to implement contribution limits.

The proposed provisions would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

•$15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

•1 Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800

committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.

•If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo, or complaints received increase significantly an Investigator would be required to provide the proper oversight.

Officials from the **State Auditor's office** (SAO) indicated any additional costs can be absorbed within current appropriations.

Sean Soendker Nicholson provided the following information as a proponent of this initiative petition.

I am a proponent of this initiative petition. Pursuant to 116.175 RSMo, I submit the following information regarding the initiative petition.

There is no cost to the state over the next two years as a result of passage of any of the initiatives. Any potential costs arising from the adoption of these proposals is minimal and can be absorbed with existing resources from the General Assembly, Missouri Ethics Commission, Attorney General's Office, Office of Administration, and other state agencies.

There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. The existing State Demographer can be expected to assume the role of Non-partisan State Demographer, and there would be no fiscal impact. Certainly there can be no definitive judgment that the measure would add costs for the state.

The proposals do not establish a new program or agency so there is no duplication of existing programs. There is no federal mandate with regard to the proposals. There will be no fiscal impact on any subdivision of the state. There will be no economic impact on small businesses.

The Missouri Ethics Commission is already required to provide guidance and information to members of the General Assembly and Missouri public about campaign finance rules and lobbying rules, and is already required to respond to written complaints through conducting investigations and the related legal actions.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate annual operating costs may increase by $189,000. Local governmental entities expect no fiscal impact.

STATE AUDITOR'S OFFICE
RECEIVED
NOV 23 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 23, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III, version 6 (2018-047)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sean Soendker Nicholson on November 23, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 23 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication, the following Articles and Sections of the Constitution of Missouri: Article I, Section 8 and the following Sections of the Missouri Revised Statutes: Sections 105.450 through 105.496 and Sections 130.011 through 130.160. The proposed amendment revises Article III of the Constitution by amending Sections 2, 5, 7, and 19 and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d).

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article III of the Constitution is revised by amending Sections 2, 5, 7, 19, and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d) to read as follows:

Section 2.

After the effective date of this section, no person serving as a member of or employed by the General Assembly shall act or serve as a paid lobbyist, register as a paid lobbyist, or solicit prospective employers or clients to represent as a paid lobbyist during the time of such service until the expiration of two calendar years after the conclusion of the session of the general assembly in which the member or employee last served and where such service was after the effective date of this section.

(a) No person serving as a member of or employed by the General Assembly shall accept directly or indirectly a gift of any tangible or intangible item, service, or thing of value from any paid lobbyist or lobbyist principal in excess of five dollars per occurrence. This Article shall not prevent Candidates for the General Assembly, including candidates for reelection, or candidates for offices within the senate or house from accepting campaign contributions consistent with this Article and applicable campaign finance law. Nothing in this section shall prevent individuals from receiving gifts, family support or anything of value from those related to them within the fourth degree by blood or marriage. The dollar limitations of this section shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency and rounded to the nearest dollar amount.

(c) The General Assembly shall make no law authorizing unlimited campaign contributions to candidates for the General Assembly, nor any law that circumvents the contribution limits contained in this Constitution. In addition to other campaign contribution limitations or restrictions provided for by law, the amount of contributions made to or accepted by any candidate or candidate committee from any person other than the candidate in any one election for the General Assembly shall not exceed the following:

(1) To elect an individual to the office of state senator, two thousand five hundred dollars; and

(2) To elect an individual to the office of state representative, two thousand dollars.

The contribution limits and other restrictions of this section shall also apply to any person exploring a candidacy for a public office listed in this subsection.

For purposes of this subsection, "base year amount" shall be the contribution limits prescribed in this section. Contribution limits set forth herein shall be adjusted on the first day of January in each even-numbered year hereafter by multiplying the base year amount by the cumulative consumer price index and rounded to the nearest dollar amount, for all years after 2018.

(d) No contribution to a candidate for legislative office shall be made or accepted, directly or indirectly, in a fictitious name, in the name of another person, or by or through another person in such a manner as to, or with the intent to, conceal the identity of the actual source of the contribution. There shall be a rebuttable presumption that a contribution to a candidate for public office is made or accepted with the intent to circumvent the limitations on contributions imposed in this section when a contribution is received from a committee or organization that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations. A committee or organization shall be deemed to be primarily funded by a single person, individual, or other committee when the committee or organization receives more than fifty percent of its annual funding from that single person, individual, or other committee.

(e) In no circumstance shall a candidate be found to have violated limits on acceptance of contributions if the Missouri Ethics Commission, its successor agency, or a court determines that a candidate has taken no action to indicate acceptance of or acquiescence to the making of an expenditure that is deemed a contribution pursuant to this section.

(f) No candidate shall accept contributions from any federal political action committee unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The non-partisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the non-partisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the non-partisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the non-partisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.

(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned [in the following manner:] as provided in this section.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

(a) Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census.

(b) Districts shall be established in a manner so as to comply with all requirements of the United States

Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be established in a manner which maximizes partisan fairness and competitiveness treating similarly-situated parties equitably so that each receives the same fraction of legislative seats for a particular vote percentage as the other party would receive if it had received the same percentage of the vote. The non-partisan state demographer shall draw districts that meet as closely as possible the tests for partisan fairness and competitiveness.

To that end, the non-partisan state demographer shall calculate a district party partisan performance index for each district by determining the number of votes cast for the two top vote- getting parties in each district and then calculating the percentage of those votes won by each of the two parties casting the highest vote for governor at the last three preceding gubernatorial elections, for United States Senate at the last three preceding United States Senate elections, and for President of the United States at the last three preceding Presidential elections. The party partisan performance index for each district will then be averaged to create a statewide electoral performance index. Using the resultant statewide electoral performance index, the non-partisan state demographer shall test the plan, simulating an evenly split statewide election by normalizing district party partisan performance indices by the amount by which the statewide electoral performance index varies from fifty percent. In a hypothetical evenly divided statewide election under the proposed plan, the legislative seats should be distributed evenly between parties.

The non-partisan state demographer shall promote competitiveness by ensuring the plan is drawn so as to be equally responsive to surges in the electorate favoring either party. To test this, the non-partisan state demographer shall again use the normalized district-level results within the proposed plan to simulate separate elections in which the hypothetical statewide vote varies from fifty percent by one percent, two percent, three percent, four percent and five percent in favor of each party. The number of additional seats yielded by the simulation for any party for any amount it performs over fifty percent should be matched by the number of seats gained by the other party when it performs the same amount over fifty percent.

(c) Subject to the requirements of subdivisions (1)(a) and (1)(b), districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

(d) To the extent consistent with subdivisions (1)(a) – (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

(e) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) – (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

(2). Within sixty days after the population of this state is reported to the President for each decennial census of the United States [and] or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days [after notification by the governor] that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary[and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission the commission shall receive the tentative plan of apportionment and map of the proposed districts ordered in subsection 4 of this section and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 5.

(a) The Senate shall consist of thirty-four members elected by the qualified voters of the senatorial [respective] districts for a term of four years. [For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.] Senatorial districts shall be apportioned as provided for in Article III, Section 7.

Section 7.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, [and] or within sixty days after [notification by the governor that] a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless

approved by at least seven members.

After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 19.

(a) Senators and representatives shall, in all cases except treason, felony, offenses under this Article, or breach of the peace, be privileged from arrest during the session of the general assembly, and for the fifteen days next before the commencement and after the termination of each session; and they shall not be questioned for any speech or debate in either house in any other place.

(b) Legislative records shall be public records and subject to generally applicable state laws governing public access to public records, including the "Sunshine Law." Legislative records include, but are not limited to, all records, in whatever form or format, of the official acts of the general assembly, of the official acts of legislative committees, of the official acts of members of the general assembly, of individual legislators, their employees and staff, of the conduct of legislative business and all records that are created, stored or distributed through legislative branch facilities, equipment or mechanisms, including electronic. Each member of the general assembly is the custodian of legislative records under the custody and control of the member, their employees and staff. The chief clerk of the house or the secretary of the senate are the custodians for all other legislative records relating to the house and the senate, respectively.

(c) Legislative proceedings, including committee proceedings, shall be public meetings subject to generally applicable law governing public access to public meetings, including the "Sunshine Law." Open public meetings of legislative proceedings shall be subject to recording by citizens, so long as the proceedings are not materially disrupted.

Section 20(c).

No political fundraising activities or political fundraising event by any member of or candidate for the general assembly, including but not limited to the solicitation or delivery of contributions, supporting or opposing any candidate, initiative petition, referendum petition, ballot measure, political party or political committee, shall occur in or on any premises, property or building owned, leased or controlled by the State of Missouri or any agency or division thereof. Any purposeful violation of this section shall be punishable by imprisonment for up to one year or a fine of up to one thousand dollars or both, plus an amount equal to three times the illegal contributions. The Missouri Ethics Commission or its successor agency is authorized to enforce this section as provided by law.

Section 20(d).

If any provision of sections 2, 3, 5, 7, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-047)

Subject

Initiative petition from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III. (Received November 23, 2016)

Date

December 13, 2016

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Ethics Commission,** and the **State Auditor's office.**

Sean Soendker Nicholson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there would be no impact to their department as a result of this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this initiative petition revises Article III of the Missouri Constitution by amending Sections 2, 5, 7, and 19 and enacting three new sections.

Legislators and their employees are prohibited from lobbying for at least two years after the conclusion of the session during which they vacate office, and from acting as paid consultants while in office. Legislators and their staff are prohibited from accepting a gift in excess of five dollars, per occurrence.

The initiative creates the post of "non-partisan State Demographer" to oversee the redistricting process for the state House and Senate districts. The demographer is to be selected by a process involving the State Auditor and the Senate majority and minority leaders. Note that the wording is unclear on this process because the only State Auditor list mentioned in the list of at least three names. Therefore, if each the minority and the majority member are allowed to remove one-third of the list, and the list is only three names, they may each remove one person, leaving only one choice left, so no random lottery would be necessary. This demographer will be unable to hold elected office for four years following the filing of the new legislative districts. The redistricting process shall maximize partisan fairness and competitiveness.

It mandates that legislative records which are created, stored or distributed through legislative branch facilities, equipment or mechanisms shall be public. It allows explicitly identified legislative proceedings as open meetings and authorizes recording of such proceedings by citizens.

Political fundraising activities and events may not be held in any location owned by, or under the control of, the State of Missouri.

Campaign contributions for state senators are limited to $2,500 and representatives are limited to $2,000, with CPI adjustments made in even-numbered years. Also, contributions from federal political action committees are prohibited unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

This proposal could have an impact on the Office of Administration. There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. If the existing State Demographer would be chosen to assume the role of "Non-partisan State Demographer," there would be no fiscal impact. However, if that post is filled by another individual, the salary and benefits costs would be an estimated $128,513 in FY 2021, adjusted for inflation. In either scenario, the cost for other staff hired for the purposes of redistricting would remain the same.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated no impact to their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this should not have a fiscal impact on local government.

Officials from the **Metropolitan Community College** indicated there is no anticipated impact for their college.

Officials from the **University of Missouri** indicated there are no anticipated financial impacts.

Officials from the **Missouri Ethics Commission** (MEC) indicated:

possible increased operating costs of $67,478 for the first year implemented, $61,107 for the second year implemented, and $61,734 for the third year implemented.

Prohibiting a statewide elected official, member of the general assembly or paid employee of general assembly from acting, serving, or registering as a lobbyist for a specified period of time after leaving office would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight to ensure those individuals leaving the general assembly do not register as a lobbyist with the MEC for the specified period of time. This would entail reviewing lobbyist registrations, at the time of receipt by the MEC, and comparing them to those members of the general assembly who have left office within the specified period of time. For any individual submitting a registration, create the necessary correspondence to the registrant and track the results of the correspondence.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Implementing prohibition for a member of general assembly, staff/employees of the general assembly to accept specified monetary lobbyist/lobbyist principal gifts would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific gift prohibition, including reviewing lobbyist reports as established in Section 105.959, RSMo. This oversight, it is assumed, would be primarily from receiving written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission would require additional staff resources.

Implementing campaign finance limits would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about these limits;

examples include providing education, developing informational materials, telephone and email assistance.

- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

Oversee the prohibition of political fundraising activities or events from occurring on State of Missouri property or any agency or division thereof would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about this provision; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific restrictions, including reviewing, auditing, and performing cross checks of the reported fund raising activity, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

In regards to all of the provisions outlined above, if the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The implementation of contribution limits requires the Missouri Ethics Commission to request additional funding. Below is an outline of the additional funding. In the 2016 November General Election a Constitutional Amendment implementing contribution limits was adopted by voters. At this time, the Missouri Ethics Commission has not received the additional funding required to implement contribution limits.

The proposed provisions would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

•$15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

•1 Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800

committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.

•If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo, or complaints received increase significantly an Investigator would be required to provide the proper oversight.

Officials from the **State Auditor's office** (SAO) indicated any additional costs can be absorbed within current appropriations.

Sean Soendker Nicholson provided the following information as a proponent of this initiative petition.

I am a proponent of this initiative petition. Pursuant to 116.175 RSMo, I submit the following information regarding the initiative petition.

There is no cost to the state over the next two years as a result of passage of any of the initiatives. Any potential costs arising from the adoption of these proposals is minimal and can be absorbed with existing resources from the General Assembly, Missouri Ethics Commission, Attorney General's Office, Office of Administration, and other state agencies.

There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. The existing State Demographer can be expected to assume the role of Non-partisan State Demographer, and there would be no fiscal impact. Certainly there can be no definitive judgment that the measure would add costs for the state.

The proposals do not establish a new program or agency so there is no duplication of existing programs. There is no federal mandate with regard to the proposals. There will be no fiscal impact on any subdivision of the state. There will be no economic impact on small businesses.

The Missouri Ethics Commission is already required to provide guidance and information to members of the General Assembly and Missouri public about campaign finance rules and lobbying rules, and is already required to respond to written complaints through conducting investigations and the related legal actions.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate annual operating costs may increase by $189,000. Local governmental entities expect no fiscal impact.

STATE AUDITOR'S OFFICE
RECEIVED
NOV 23 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 23, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III, version 5 (2018-046)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sean Soendker Nicholson on November 23, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
NOV 23 2015
MO. SECRETARY OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
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6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication, the following Articles and Sections of the Constitution of Missouri: Article I, Section 8 and the following Sections of the Missouri Revised Statutes: Sections 105.450 through 105.496 and Sections 130.011 through 130.160. The proposed amendment revises Article III of the Constitution by amending Sections 2, 5, 7, and 19 and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d).

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article III of the Constitution is revised by amending Sections 2, 5, 7, 19, and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d) to read as follows:

Section 2.

After the effective date of this section, no person serving as a member of or employed by the General Assembly shall act or serve as a paid lobbyist, register as a paid lobbyist, or solicit prospective employers or clients to represent as a paid lobbyist during the time of such service until the expiration of two calendar years after the conclusion of the session of the general assembly in which the member or employee last served and where such service was after the effective date of this section.

(a) No person serving as a member of or employed by the General Assembly shall accept directly or indirectly a gift of any tangible or intangible item, service, or thing of value from any paid lobbyist or lobbyist principal in excess of five dollars per occurrence. This Article shall not prevent Candidates for the General Assembly, including candidates for reelection, or candidates for offices within the senate or house from accepting campaign contributions consistent with this Article and applicable campaign finance law. Nothing in this section shall prevent individuals from receiving gifts, family support or anything of value from those related to them within the fourth degree by blood or marriage. The dollar limitations of this section shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency and rounded to the nearest dollar amount.

(c) The General Assembly shall make no law authorizing unlimited campaign contributions to candidates for the General Assembly, nor any law that circumvents the contribution limits contained in this Constitution. In addition to other campaign contribution limitations or restrictions provided for by law, the amount of contributions made to or accepted by any candidate or candidate committee from any person other than the candidate in any one election for the General Assembly shall not exceed the following:

(1) To elect an individual to the office of state senator, two thousand five hundred dollars; and

(2) To elect an individual to the office of state representative, two thousand dollars.

The contribution limits and other restrictions of this section shall also apply to any person exploring a candidacy for a public office listed in this subsection.

For purposes of this subsection, "base year amount" shall be the contribution limits prescribed in this section. Contribution limits set forth herein shall be adjusted on the first day of January in each even-numbered year hereafter by multiplying the base year amount by the cumulative consumer price index and rounded to the nearest dollar amount, for all years after 2018.

(d) No contribution to a candidate for legislative office shall be made or accepted, directly or indirectly, in a fictitious name, in the name of another person, or by or through another person in such a manner as to, or with the intent to, conceal the identity of the actual source of the contribution. There shall be a rebuttable presumption that a contribution to a candidate for public office is made or accepted with the intent to circumvent the limitations on contributions imposed in this section when a contribution is received from a committee or organization that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations. A committee or organization shall be deemed to be primarily funded by a single person, individual, or other committee when the committee or organization receives more than fifty percent of its annual funding from that single person, individual, or other committee.

(e) In no circumstance shall a candidate be found to have violated limits on acceptance of contributions if the Missouri Ethics Commission, its successor agency, or a court determines that a candidate has taken no action to indicate acceptance of or acquiescence to the making of an expenditure that is deemed a contribution pursuant to this section.

(f) No candidate shall accept contributions from any federal political action committee unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The non-partisan state demographer shall be appointed by the Governor through a merit based process. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.

(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned [in the following manner:] as provided in this section.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

(a) Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census.

(b) Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be established in a manner which maximizes partisan fairness and competitiveness treating similarly-situated parties equitably so that each receives the same fraction of legislative seats for a particular vote percentage as the other party

would receive if it had received the same percentage of the vote. The non-partisan state demographer shall draw districts that meet as closely as possible the tests for partisan fairness and competitiveness.

To that end, the non-partisan state demographer shall calculate a district party partisan performance index for each district by determining the number of votes cast for the two top vote- getting parties in each district and then calculating the percentage of those votes won by each of the two parties casting the highest vote for governor at the last three preceding gubernatorial elections, for United States Senate at the last three preceding United States Senate elections, and for President of the United States at the last three preceding Presidential elections. The party partisan performance index for each district will then be averaged to create a statewide electoral performance index. Using the resultant statewide electoral performance index, the non-partisan state demographer shall test the plan, simulating an evenly split statewide election by normalizing district party partisan performance indices by the amount by which the statewide electoral performance index varies from fifty percent. In a hypothetical evenly divided statewide election under the proposed plan, the legislative seats should be distributed evenly between parties.

The non-partisan state demographer shall promote competitiveness by ensuring the plan is drawn so as to be equally responsive to surges in the electorate favoring either party. To test this, the non-partisan state demographer shall again use the normalized district-level results within the proposed plan to simulate separate elections in which the hypothetical statewide vote varies from fifty percent by one percent, two percent, three percent, four percent and five percent in favor of each party. The number of additional seats yielded by the simulation for any party for any amount it performs over fifty percent should be matched by the number of seats gained by the other party when it performs the same amount over fifty percent.

(c) Subject to the requirements of subdivisions (1)(a) and (1)(b), districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

(d) To the extent consistent with subdivisions (1)(a) – (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

(e) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) – (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

(2). Within sixty days after the population of this state is reported to the President for each decennial census of the United States [and] or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days [after notification by the governor] that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary[and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission the commission shall receive the tentative plan of apportionment and map of the proposed districts ordered in subsection 4 of this section and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 5.

(a) The Senate shall consist of thirty-four members elected by the qualified voters of the senatorial [respective] districts for a term of four years. [For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.] Senatorial districts shall be apportioned as provided for in Article III, Section 7.

Section 7.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, [and] or within sixty days after [notification by the governor that] a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven members.

After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 19.

(a) Senators and representatives shall, in all cases except treason, felony, offenses under this Article, or breach of the peace, be privileged from arrest during the session of the general assembly, and for the fifteen days next before the commencement and after the termination of each session; and they shall not be questioned for any speech or debate in either house in any other place.

(b) Legislative records shall be public records and subject to generally applicable state laws governing public access to public records, including the "Sunshine Law." Legislative records include, but are not limited to, all records, in whatever form or format, of the official acts of the general assembly, of the official acts of legislative committees, of the official acts of members of the general assembly, of individual legislators, their employees and staff, of the conduct of legislative business and all records that are created, stored or distributed through legislative branch facilities, equipment or mechanisms, including electronic. Each member of the general assembly is the custodian of legislative records under the custody and control of the member, their employees and staff. The chief clerk of the house or the secretary of the senate are the custodians for all other legislative records relating to the house and the senate, respectively.

(c) Legislative proceedings, including committee proceedings, shall be public meetings subject to generally applicable law governing public access to public meetings, including the "Sunshine Law." Open public meetings of legislative proceedings shall be subject to recording by citizens, so long as the proceedings are not materially disrupted.

Section 20(c).

No political fundraising activities or political fundraising event by any member of or candidate for the general assembly, including but not limited to the solicitation or delivery of contributions, supporting or opposing any candidate, initiative petition, referendum petition, ballot measure, political party or political committee, shall occur in or on any premises, property or building owned, leased or controlled by the State of Missouri or any agency or division thereof. Any purposeful violation of this section shall be punishable by imprisonment for up to one year or a fine of up to one thousand dollars or both, plus an amount equal to three times the illegal contributions. The Missouri Ethics Commission or its successor agency is authorized to enforce this section as provided by law.

Section 20(d).

If any provision of sections 2, 3, 5, 7, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-046)

Subject

Initiative petition from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III. (Received November 23, 2016)

Date

December 13, 2016

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Ethics Commission,** and the **State Auditor's office.**

Sean Soendker Nicholson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there would be no impact to their department as a result of this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated the Governor is responsible for appointing a non-partisan State Demographer; however, there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this initiative petition revises Article III of the Missouri Constitution by amending Sections 2, 5, 7, and 19 and enacting three new sections.

Legislators and their employees are prohibited from lobbying for at least two years after the conclusion of the session during which they vacate office, and from acting as paid consultants while in office. Legislators and their staff are prohibited from accepting a gift in excess of five dollars, per occurrence.

The initiative creates the post of "non-partisan State Demographer" to oversee the redistricting process for the state House and Senate districts. The demographer is to be selected by the Governor through a merit-based process. This demographer will be unable to hold elected office for four years following the filing of the new legislative districts. The redistricting process shall maximize partisan fairness and competitiveness.

It mandates that legislative records which are created, stored or distributed through legislative branch facilities, equipment or mechanisms shall be public. It allows explicitly identified legislative proceedings as open meetings and authorizes recording of such proceedings by citizens.

Political fundraising activities and events may not be held in any location owned by, or under the control of, the State of Missouri.

Campaign contributions for state senators are limited to $2,500 and representatives are limited to $2,000, with CPI adjustments made in even-numbered years. Also, contributions from federal political action committees are prohibited unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

This proposal could have an impact on the Office of Administration. There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. If the existing State Demographer would be chosen to assume the role of "Non-partisan State Demographer," there would be no fiscal impact. However, if that post is filled by another individual, the salary and benefits costs would be an estimated $128,513 in FY 2021, adjusted for inflation. In either scenario, the cost for other staff hired for the purposes of redistricting would remain the same.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated no impact to their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this should not have a fiscal impact on local government.

Officials from the **Metropolitan Community College** indicated there is no anticipated impact for their college.

Officials from the **University of Missouri** indicated there are no anticipated financial impacts.

Officials from the **Missouri Ethics Commission** (MEC) indicated:

possible increased operating costs of $67,478 for the first year implemented, $61,107 for the second year implemented, and $61,734 for the third year implemented.

Prohibiting a statewide elected official, member of the general assembly or paid employee of general assembly from acting, serving, or registering as a lobbyist for a specified period of time after leaving office would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight to ensure those individuals leaving the general assembly do not register as a lobbyist with the MEC for the specified period of time. This would entail reviewing lobbyist registrations, at the time of receipt by the MEC, and comparing them to those members of the general assembly who have left office within the specified period of time. For any individual submitting a registration, create the necessary correspondence to the registrant and track the results of the correspondence.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Implementing prohibition for a member of general assembly, staff/employees of the general assembly to accept specified monetary lobbyist/lobbyist principal gifts would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific gift prohibition, including reviewing lobbyist reports as established in Section 105.959, RSMo. This oversight, it is assumed, would be primarily from receiving written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission would require additional staff resources.

Implementing campaign finance limits would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about these limits;

examples include providing education, developing informational materials, telephone and email assistance.

- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

Oversee the prohibition of political fundraising activities or events from occurring on State of Missouri property or any agency or division thereof would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about this provision; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific restrictions, including reviewing, auditing, and performing cross checks of the reported fund raising activity, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

In regards to all of the provisions outlined above, if the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The implementation of contribution limits requires the Missouri Ethics Commission to request additional funding. Below is an outline of the additional funding. In the 2016 November General Election a Constitutional Amendment implementing contribution limits was adopted by voters. At this time, the Missouri Ethics Commission has not received the additional funding required to implement contribution limits.

The proposed provisions would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

•$15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

•1 Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800

committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.

•If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo, or complaints received increase significantly an Investigator would be required to provide the proper oversight.

Officials from the **State Auditor's office** (SAO) indicated there is no fiscal impact for their office.

Sean Soendker Nicholson provided the following information as a proponent of this initiative petition.

I am a proponent of this initiative petition. Pursuant to 116.175 RSMo, I submit the following information regarding the initiative petition.

There is no cost to the state over the next two years as a result of passage of any of the initiatives. Any potential costs arising from the adoption of these proposals is minimal and can be absorbed with existing resources from the General Assembly, Missouri Ethics Commission, Attorney General's Office, Office of Administration, and other state agencies.

There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. The existing State Demographer can be expected to assume the role of Non-partisan State Demographer, and there would be no fiscal impact. Certainly there can be no definitive judgment that the measure would add costs for the state.

The proposals do not establish a new program or agency so there is no duplication of existing programs. There is no federal mandate with regard to the proposals. There will be no fiscal impact on any subdivision of the state. There will be no economic impact on small businesses.

The Missouri Ethics Commission is already required to provide guidance and information to members of the General Assembly and Missouri public about campaign finance rules and lobbying rules, and is already required to respond to written complaints through conducting investigations and the related legal actions.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate annual operating costs may increase by $189,000. Local governmental entities expect no fiscal impact.

STATE AUDITOR'S OFFICE
RECEIVED
NOV 23 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 23, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III, version 4 (2018-045)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sean Soendker Nicholson on November 23, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 23 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication, the following Articles and Sections of the Constitution of Missouri: Article I, Section 8 and the following Sections of the Missouri Revised Statutes: Sections 105.450 through 105.496 and Sections 130.011 through 130.160. The proposed amendment revises Article III of the Constitution by amending Sections 2, 5, 7, and 19 and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d).

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article III of the Constitution is revised by amending Sections 2, 5, 7, 19, and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d) to read as follows:

Section 2.

After the effective date of this section, no person serving as a member of or employed by the General Assembly shall act or serve as a paid lobbyist, register as a paid lobbyist, or solicit prospective employers or clients to represent as a paid lobbyist during the time of such service until the expiration of one calendar year after the conclusion of the session of the general assembly in which the member or employee last served and where such service was after the effective date of this section.

(a) No person serving as a member of or employed by the General Assembly shall accept directly or indirectly a gift of any tangible or intangible item, service, or thing of value from any paid lobbyist or lobbyist principal in excess of five dollars per occurrence. This Article shall not prevent Candidates for the General Assembly, including candidates for reelection, or candidates for offices within the senate or house from accepting campaign contributions consistent with this Article and applicable campaign finance law. Nothing in this section shall prevent individuals from receiving gifts, family support or anything of value from those related to them within the fourth degree by blood or marriage. The dollar limitations of this section shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency and rounded to the nearest dollar amount.

(c) The General Assembly shall make no law authorizing unlimited campaign contributions to candidates for the General Assembly, nor any law that circumvents the contribution limits contained in this Constitution. In addition to other campaign contribution limitations or restrictions provided for by law, the amount of contributions made to or accepted by any candidate or candidate committee from any person other than the candidate in any one election for the General Assembly shall not exceed the following:

(1) To elect an individual to the office of state senator, two thousand five hundred dollars; and

(2) To elect an individual to the office of state representative, two thousand dollars.

The contribution limits and other restrictions of this section shall also apply to any person exploring a candidacy for a public office listed in this subsection.

For purposes of this subsection, "base year amount" shall be the contribution limits prescribed in this section. Contribution limits set forth herein shall be adjusted on the first day of January in each even-numbered year hereafter by multiplying the base year amount by the cumulative consumer price index and rounded to the nearest dollar amount, for all years after 2018.

(d) No contribution to a candidate for legislative office shall be made or accepted, directly or indirectly, in a fictitious name, in the name of another person, or by or through another person in such a manner as to, or with the intent to, conceal the identity of the actual source of the contribution. There shall be a rebuttable presumption that a contribution to a candidate for public office is made or accepted with the intent to circumvent the limitations on contributions imposed in this section when a contribution is received from a committee or organization that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations. A committee or organization shall be deemed to be primarily funded by a single person, individual, or other committee when the committee or organization receives more than fifty percent of its annual funding from that single person, individual, or other committee.

(e) In no circumstance shall a candidate be found to have violated limits on acceptance of contributions if the Missouri Ethics Commission, its successor agency, or a court determines that a candidate has taken no action to indicate acceptance of or acquiescence to the making of an expenditure that is deemed a contribution pursuant to this section.

(f) No candidate shall accept contributions from any federal political action committee unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The non-partisan state demographer shall be appointed by the Governor through a merit based process. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.

(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned [in the following manner:] as provided in this section.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

(a) Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census.

(b) Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily,

competitiveness. Partisan fairness means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. Competitiveness means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the non-partisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the non-partisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. Wasted votes are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the non-partisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the non-partisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The non-partisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

(c) Subject to the requirements of subdivisions (1)(a) and (1)(b), Districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

(d) To the extent consistent with subdivisions (1)(a) – (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

(e) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) – (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

(2). Within sixty days after the population of this state is reported to the President for each decennial census of the United States [and] or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days [after notification by the governor] that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary[and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission the commission shall receive the tentative plan of apportionment and map of the proposed districts ordered in subsection 4 of this section and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 5.

(a) The Senate shall consist of thirty-four members elected by the qualified voters of the senatorial [respective] districts for a term of four years. [For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.] Senatorial districts shall be apportioned as provided for in Article III, Section 7.

Section 7.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, [and] or within sixty days after [notification by the governor that] a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven members.

After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided,

except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 19.

(a) Senators and representatives shall, in all cases except treason, felony, offenses under this Article, or breach of the peace, be privileged from arrest during the session of the general assembly, and for the fifteen days next before the commencement and after the termination of each session; and they shall not be questioned for any speech or debate in either house in any other place.

(b) Legislative records shall be public records and subject to generally applicable state laws governing public access to public records, including the "Sunshine Law." Legislative records include, but are not limited to, all records, in whatever form or format, of the official acts of the general assembly, of the official acts of legislative committees, of the official acts of members of the general assembly, of individual legislators, their employees and staff, of the conduct of legislative business and all records that are created, stored or distributed through legislative branch facilities, equipment or mechanisms, including electronic. Each member of the general assembly is the custodian of legislative records under the custody and control of the member, their employees and staff. The chief clerk of the house or the secretary of the senate are the custodians for all other legislative records relating to the house and the senate, respectively.

(c) Legislative proceedings, including committee proceedings, shall be public meetings subject to generally applicable law governing public access to public meetings, including the "Sunshine Law." Open public meetings of legislative proceedings shall be subject to recording by citizens, so long as the proceedings are not materially disrupted.

Section 20(c).

No political fundraising activities or political fundraising event by any member of or candidate for the general assembly, including but not limited to the solicitation or delivery of contributions, supporting or opposing any candidate, initiative petition, referendum petition, ballot measure, political party or political committee, shall occur in or on any premises, property or building owned, leased or controlled by the State of Missouri or any agency or division thereof. Any purposeful violation of this section shall be punishable by imprisonment for up to one year or a fine of up to one thousand dollars or both, plus an amount equal to three times the illegal contributions. The Missouri Ethics Commission or its successor agency is authorized to enforce this section as provided by law.

Section 20(d).

If any provision of sections 2, 3, 7, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-045)

Subject

Initiative petition from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III. (Received November 23, 2016)

Date

December 13, 2016

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Ethics Commission,** and the **State Auditor's office.**

Sean Soendker Nicholson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there would be no impact to their department as a result of this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated the Governor is responsible for appointing a non-partisan State Demographer; however, there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this initiative petition revises Article III of the Missouri Constitution by amending Sections 2, 5, 7, and 19 and enacting three new sections.

Legislators and their employees are prohibited from lobbying for at least one year after the conclusion of the session during which they vacate office, and from acting as paid consultants while in office. Legislators and their staff are prohibited from accepting a gift in excess of five dollars, per occurrence.

The initiative creates the post of "non-partisan State Demographer" to oversee the redistricting process for the state House and Senate districts. The demographer is to be selected by the Governor through a merit-based process. This demographer will be unable to hold elected office for four years following the filing of the new legislative districts. The redistricting process shall maximize partisan fairness and competitiveness.

It mandates that legislative records which are created, stored or distributed through legislative branch facilities, equipment or mechanisms shall be public. It allows explicitly identified legislative proceedings as open meetings and authorizes recording of such proceedings by citizens.

Political fundraising activities and events may not be held in any location owned by, or under the control of, the State of Missouri.

Campaign contributions for state senators are limited to $2,500 and representatives are limited to $2,000, with CPI adjustments made in even-numbered years. Also, contributions from federal political action committees are prohibited unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

This proposal could have an impact on the Office of Administration. There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. If the existing State Demographer would be chosen to assume the role of "Non-partisan State Demographer," there would be no fiscal impact. However, if that post is filled by another individual, the salary and benefits costs would be an estimated $128,513 in FY 2021, adjusted for inflation. In either scenario, the cost for other staff hired for the purposes of redistricting would remain the same.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated no impact to their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this should not have a fiscal impact on local government.

Officials from the **Metropolitan Community College** indicated there is no anticipated impact for their college.

Officials from the **University of Missouri** indicated there are no anticipated financial impacts.

Officials from the **Missouri Ethics Commission** (MEC) indicated:

possible increased operating costs of $67,478 for the first year implemented, $61,107 for the second year implemented, and $61,734 for the third year implemented.

Prohibiting a statewide elected official, member of the general assembly or paid employee of general assembly from acting, serving, or registering as a lobbyist for a specified period of time after leaving office would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight to ensure those individuals leaving the general assembly do not register as a lobbyist with the MEC for the specified period of time. This would entail reviewing lobbyist registrations, at the time of receipt by the MEC, and comparing them to those members of the general assembly who have left office within the specified period of time. For any individual submitting a registration, create the necessary correspondence to the registrant and track the results of the correspondence.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Implementing prohibition for a member of general assembly, staff/employees of the general assembly to accept specified monetary lobbyist/lobbyist principal gifts would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific gift prohibition, including reviewing lobbyist reports as established in Section 105.959, RSMo. This oversight, it is assumed, would be primarily from receiving written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission would require additional staff resources.

Implementing campaign finance limits would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about these limits;

examples include providing education, developing informational materials, telephone and email assistance.

- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

Oversee the prohibition of political fundraising activities or events from occurring on State of Missouri property or any agency or division thereof would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about this provision; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific restrictions, including reviewing, auditing, and performing cross checks of the reported fund raising activity, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

In regards to all of the provisions outlined above, if the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The implementation of contribution limits requires the Missouri Ethics Commission to request additional funding. Below is an outline of the additional funding. In the 2016 November General Election a Constitutional Amendment implementing contribution limits was adopted by voters. At this time, the Missouri Ethics Commission has not received the additional funding required to implement contribution limits.

The proposed provisions would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

•$15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

•1 Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800

committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.

•If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo, or complaints received increase significantly an Investigator would be required to provide the proper oversight.

Officials from the **State Auditor's office** (SAO) indicated there is no fiscal impact for their office.

Sean Soendker Nicholson provided the following information as a proponent of this initiative petition.

I am a proponent of this initiative petition. Pursuant to 116.175 RSMo, I submit the following information regarding the initiative petition.

There is no cost to the state over the next two years as a result of passage of any of the initiatives. Any potential costs arising from the adoption of these proposals is minimal and can be absorbed with existing resources from the General Assembly, Missouri Ethics Commission, Attorney General's Office, Office of Administration, and other state agencies.

There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. The existing State Demographer can be expected to assume the role of Non-partisan State Demographer, and there would be no fiscal impact. Certainly there can be no definitive judgment that the measure would add costs for the state.

The proposals do not establish a new program or agency so there is no duplication of existing programs. There is no federal mandate with regard to the proposals. There will be no fiscal impact on any subdivision of the state. There will be no economic impact on small businesses.

The Missouri Ethics Commission is already required to provide guidance and information to members of the General Assembly and Missouri public about campaign finance rules and lobbying rules, and is already required to respond to written complaints through conducting investigations and the related legal actions.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate annual operating costs may increase by $189,000. Local governmental entities expect no fiscal impact.

STATE AUDITOR'S OFFICE
RECEIVED
NOV 23 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 23, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III, version 3 (2018-044)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sean Soendker Nicholson on November 23, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 23 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication, the following Articles and Sections of the Constitution of Missouri: Article I, Section 8 and the following Sections of the Missouri Revised Statutes: Sections 105.450 through 105.496 and Sections 130.011 through 130.160. The proposed amendment revises Article III of the Constitution by amending Sections 2, 5, 7, and 19 and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d).

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article III of the Constitution is revised by amending Sections 2, 5, 7, 19, and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d) to read as follows:

Section 2.

After the effective date of this section, no person serving as a member of or employed by the General Assembly shall act or serve as a paid lobbyist, register as a paid lobbyist, or solicit prospective employers or clients to represent as a paid lobbyist during the time of such service until the expiration of one calendar year after the conclusion of the session of the general assembly in which the member or employee last served and where such service was after the effective date of this section.

(a) No person serving as a member of or employed by the General Assembly shall accept directly or indirectly a gift of any tangible or intangible item, service, or thing of value from any paid lobbyist or lobbyist principal in excess of five dollars per occurrence. This Article shall not prevent Candidates for the General Assembly, including candidates for reelection, or candidates for offices within the senate or house from accepting campaign contributions consistent with this Article and applicable campaign finance law. Nothing in this section shall prevent individuals from receiving gifts, family support or anything of value from those related to them within the fourth degree by blood or marriage. The dollar limitations of this section shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency and rounded to the nearest dollar amount.

(c) The General Assembly shall make no law authorizing unlimited campaign contributions to candidates for the General Assembly, nor any law that circumvents the contribution limits contained in this Constitution. In addition to other campaign contribution limitations or restrictions provided for by law, the amount of contributions made to or accepted by any candidate or candidate committee from any person other than the candidate in any one election for the General Assembly shall not exceed the following:

(1) To elect an individual to the office of state senator, two thousand five hundred dollars; and

(2) To elect an individual to the office of state representative, two thousand dollars.

The contribution limits and other restrictions of this section shall also apply to any person exploring a candidacy for a public office listed in this subsection.

For purposes of this subsection, "base year amount" shall be the contribution limits prescribed in this section. Contribution limits set forth herein shall be adjusted on the first day of January in each even-numbered year hereafter by multiplying the base year amount by the cumulative consumer price index and rounded to the nearest dollar amount, for all years after 2018.

(d) No contribution to a candidate for legislative office shall be made or accepted, directly or indirectly, in a fictitious name, in the name of another person, or by or through another person in such a manner as to, or with the intent to, conceal the identity of the actual source of the contribution. There shall be a rebuttable presumption that a contribution to a candidate for public office is made or accepted with the intent to circumvent the limitations on contributions imposed in this section when a contribution is received from a committee or organization that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations. A committee or organization shall be deemed to be primarily funded by a single person, individual, or other committee when the committee or organization receives more than fifty percent of its annual funding from that single person, individual, or other committee.

(e) In no circumstance shall a candidate be found to have violated limits on acceptance of contributions if the Missouri Ethics Commission, its successor agency, or a court determines that a candidate has taken no action to indicate acceptance of or acquiescence to the making of an expenditure that is deemed a contribution pursuant to this section.

(f) No candidate shall accept contributions from any federal political action committee unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The non-partisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the non-partisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the non-partisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the non-partisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.

(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned [in the following manner:] as provided in this section.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

(a) Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established

into the total population of the state reported in the federal decennial census.

(b) Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily, competitiveness. Partisan fairness means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. Competitiveness means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the non-partisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the non-partisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. Wasted votes are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the non-partisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the non-partisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The non-partisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

(c) Subject to the requirements of subdivisions (1)(a) and (1)(b), Districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

(d) To the extent consistent with subdivisions (1)(a) – (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

(e) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) – (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

(2). Within sixty days after the population of this state is reported to the President for each decennial census of the United States [and] or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days [after notification by the governor] that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary[and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-

partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission the commission shall receive the tentative plan of apportionment and map of the proposed districts ordered in subsection 4 of this section and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 5.

(a) The Senate shall consist of thirty-four members elected by the qualified voters of the senatorial [respective] districts for a term of four years. [For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.] Senatorial districts shall be apportioned as provided for in Article III, Section 7.

Section 7.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, [and] or within sixty days after [notification by the governor that] a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven members.

After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 19.

(a) Senators and representatives shall, in all cases except treason, felony, offenses under this Article, or breach of the peace, be privileged from arrest during the session of the general assembly, and for the fifteen days next before the commencement and after the termination of each session; and they shall not be questioned for any speech or debate in either house in any other place.

(b) Legislative records shall be public records and subject to generally applicable state laws governing public access to public records, including the "Sunshine Law." Legislative records include, but are not limited to, all records, in whatever form or format, of the official acts of the general assembly, of the official acts of legislative committees, of the official acts of members of the general assembly, of individual legislators, their employees and staff, of the conduct of legislative business and all records that are created, stored or distributed through legislative branch facilities, equipment or mechanisms, including electronic. Each member of the general assembly is the custodian of legislative records under the custody and control of the member, their employees and staff. The chief clerk of the house or the secretary of the senate are the custodians for all other legislative records relating to the house and the senate, respectively.

(c) Legislative proceedings, including committee proceedings, shall be public meetings subject to generally applicable law governing public access to public meetings, including the "Sunshine Law." Open public meetings of legislative proceedings shall be subject to recording by citizens, so long as the proceedings are not materially disrupted.

Section 20(c).

No political fundraising activities or political fundraising event by any member of or candidate for the general assembly, including but not limited to the solicitation or delivery of contributions, supporting or opposing any candidate, initiative petition, referendum petition, ballot measure, political party or political committee, shall occur in or on any premises, property or building owned, leased or controlled by the State of Missouri or any agency or division thereof. Any purposeful violation of this section shall be punishable by imprisonment for up to one year or a fine of up to one thousand dollars or both, plus an amount equal to three times the illegal contributions. The Missouri Ethics Commission or its successor agency is authorized to enforce this section as provided by law.

Section 20(d).

If any provision of sections 2, 3, 7, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-044)

Subject

Initiative petition from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III. (Received November 23, 2016)

Date

December 13, 2016

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Ethics Commission,** and the **State Auditor's office.**

Sean Soendker Nicholson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there would be no impact to their department as a result of this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this initiative petition revises Article III of the Missouri Constitution by amending Sections 2, 5, 7, and 19 and enacting three new sections.

Legislators and their employees are prohibited from lobbying for at least one year after the conclusion of the session during which they vacate office, and from acting as paid consultants while in office. Legislators and their staff are prohibited from accepting a gift in excess of five dollars, per occurrence.

The initiative creates the post of "non-partisan State Demographer" to oversee the redistricting process for the state House and Senate districts. The demographer is to be selected by a process involving the State Auditor and the Senate majority and minority leaders. Note that the wording is unclear on this process because the only State Auditor list mentioned in the list of at least three names. Therefore, if each the minority and the majority member are allowed to remove one-third of the list, and the list is only three names, they may each remove one person, leaving only one choice left, so no random lottery would be necessary. This demographer will be unable to hold elected office for four years following the filing of the new legislative districts. The redistricting process shall maximize partisan fairness and competitiveness.

It mandates that legislative records which are created, stored or distributed through legislative branch facilities, equipment or mechanisms shall be public. It allows explicitly identified legislative proceedings as open meetings and authorizes recording of such proceedings by citizens.

Political fundraising activities and events may not be held in any location owned by, or under the control of, the State of Missouri.

Campaign contributions for state senators are limited to $2,500 and representatives are limited to $2,000, with CPI adjustments made in even-numbered years. Also, contributions from federal political action committees are prohibited unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

This proposal could have an impact on the Office of Administration. There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. If the existing State Demographer would be chosen to assume the role of "Non-partisan State Demographer," there would be no fiscal impact. However, if that post is filled by another individual, the salary and benefits costs would be an estimated $128,513 in FY 2021, adjusted for inflation. In either scenario, the cost for other staff hired for the purposes of redistricting would remain the same.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated no impact to their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this should not have a fiscal impact on local government.

Officials from the **Metropolitan Community College** indicated there is no anticipated impact for their college.

Officials from the **University of Missouri** indicated there are no anticipated financial impacts.

Officials from the **Missouri Ethics Commission** (MEC) indicated:

possible increased operating costs of $67,478 for the first year implemented, $61,107 for the second year implemented, and $61,734 for the third year implemented.

Prohibiting a statewide elected official, member of the general assembly or paid employee of general assembly from acting, serving, or registering as a lobbyist for a specified period of time after leaving office would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight to ensure those individuals leaving the general assembly do not register as a lobbyist with the MEC for the specified period of time. This would entail reviewing lobbyist registrations, at the time of receipt by the MEC, and comparing them to those members of the general assembly who have left office within the specified period of time. For any individual submitting a registration, create the necessary correspondence to the registrant and track the results of the correspondence.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Implementing prohibition for a member of general assembly, staff/employees of the general assembly to accept specified monetary lobbyist/lobbyist principal gifts would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific gift prohibition, including reviewing lobbyist reports as established in Section 105.959, RSMo. This oversight, it is assumed, would be primarily from receiving written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission would require additional staff resources.

Implementing campaign finance limits would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about these limits;

examples include providing education, developing informational materials, telephone and email assistance.

- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

Oversee the prohibition of political fundraising activities or events from occurring on State of Missouri property or any agency or division thereof would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about this provision; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific restrictions, including reviewing, auditing, and performing cross checks of the reported fund raising activity, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

In regards to all of the provisions outlined above, if the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The implementation of contribution limits requires the Missouri Ethics Commission to request additional funding. Below is an outline of the additional funding. In the 2016 November General Election a Constitutional Amendment implementing contribution limits was adopted by voters. At this time, the Missouri Ethics Commission has not received the additional funding required to implement contribution limits.

The proposed provisions would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

•$15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

•1 Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800

committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.

•If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo, or complaints received increase significantly an Investigator would be required to provide the proper oversight.

Officials from the **State Auditor's office** (SAO) indicated any additional costs can be absorbed within current appropriations.

Sean Soendker Nicholson provided the following information as a proponent of this initiative petition.

I am a proponent of this initiative petition. Pursuant to 116.175 RSMo, I submit the following information regarding the initiative petition.

There is no cost to the state over the next two years as a result of passage of any of the initiatives. Any potential costs arising from the adoption of these proposals is minimal and can be absorbed with existing resources from the General Assembly, Missouri Ethics Commission, Attorney General's Office, Office of Administration, and other state agencies.

There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. The existing State Demographer can be expected to assume the role of Non-partisan State Demographer, and there would be no fiscal impact. Certainly there can be no definitive judgment that the measure would add costs for the state.

The proposals do not establish a new program or agency so there is no duplication of existing programs. There is no federal mandate with regard to the proposals. There will be no fiscal impact on any subdivision of the state. There will be no economic impact on small businesses.

The Missouri Ethics Commission is already required to provide guidance and information to members of the General Assembly and Missouri public about campaign finance rules and lobbying rules, and is already required to respond to written complaints through conducting investigations and the related legal actions.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate annual operating costs may increase by $189,000. Local governmental entities expect no fiscal impact.

STATE AUDITOR'S OFFICE
RECEIVED
NOV 23 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 23, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III, version 2 (2018-043)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sean Soendker Nicholson on November 23, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 23 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication, the following Articles and Sections of the Constitution of Missouri: Article I, Section 8 and the following Sections of the Missouri Revised Statutes: Sections 105.450 through 105.496 and Sections 130.011 through 130.160. The proposed amendment revises Article III of the Constitution by amending Sections 2, 5, 7, and 19 and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d).

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article III of the Constitution is revised by amending Sections 2, 5, 7, 19, and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d) to read as follows:

Section 2.

After the effective date of this section, no person serving as a member of or employed by the General Assembly shall act or serve as a paid lobbyist, register as a paid lobbyist, or solicit prospective employers or clients to represent as a paid lobbyist during the time of such service until the expiration of one calendar year after the conclusion of the session of the general assembly in which the member or employee last served and where such service was after the effective date of this section.

(a) No person serving as a member of or employed by the General Assembly shall accept directly or indirectly a gift of any tangible or intangible item, service, or thing of value from any paid lobbyist or lobbyist principal in excess of five dollars per occurrence. This Article shall not prevent Candidates for the General Assembly, including candidates for reelection, or candidates for offices within the senate or house from accepting campaign contributions consistent with this Article and applicable campaign finance law. Nothing in this section shall prevent individuals from receiving gifts, family support or anything of value from those related to them within the fourth degree by blood or marriage. The dollar limitations of this section shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency and rounded to the nearest dollar amount.

(c) The General Assembly shall make no law authorizing unlimited campaign contributions to candidates for the General Assembly, nor any law that circumvents the contribution limits contained in this Constitution. In addition to other campaign contribution limitations or restrictions provided for by law, the amount of contributions made to or accepted by any candidate or candidate committee from any person other than the candidate in any one election for the General Assembly shall not exceed the following:

(1) To elect an individual to the office of state senator, two thousand five hundred dollars; and

(2) To elect an individual to the office of state representative, two thousand dollars.

The contribution limits and other restrictions of this section shall also apply to any person exploring a candidacy for a public office listed in this subsection.

For purposes of this subsection, "base year amount" shall be the contribution limits prescribed in this section. Contribution limits set forth herein shall be adjusted on the first day of January in each even-numbered year hereafter by multiplying the base year amount by the cumulative consumer price index and rounded to the nearest dollar amount, for all years after 2018.

(d) No contribution to a candidate for legislative office shall be made or accepted, directly or indirectly, in a fictitious name, in the name of another person, or by or through another person in such a manner as to, or with the intent to, conceal the identity of the actual source of the contribution. There shall be a rebuttable presumption that a contribution to a candidate for public office is made or accepted with the intent to circumvent the limitations on contributions imposed in this section when a contribution is received from a committee or organization that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations. A committee or organization shall be deemed to be primarily funded by a single person, individual, or other committee when the committee or organization receives more than fifty percent of its annual funding from that single person, individual, or other committee.

(e) In no circumstance shall a candidate be found to have violated limits on acceptance of contributions if the Missouri Ethics Commission, its successor agency, or a court determines that a candidate has taken no action to indicate acceptance of or acquiescence to the making of an expenditure that is deemed a contribution pursuant to this section.

(f) No candidate shall accept contributions from any federal political action committee unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The non-partisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the non-partisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the non-partisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the non-partisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.

(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned [in the following manner:] as provided in this section.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

(a) Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census.

(b) Districts shall be established in a manner so as to comply with all requirements of the United States

Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be established in a manner which maximizes partisan fairness and competitiveness treating similarly-situated parties equitably so that each receives the same fraction of legislative seats for a particular vote percentage as the other party would receive if it had received the same percentage of the vote. The non-partisan state demographer shall draw districts that meet as closely as possible the tests for partisan fairness and competitiveness.

To that end, the non-partisan state demographer shall calculate a district party partisan performance index for each district by determining the number of votes cast for the two top vote- getting parties in each district and then calculating the percentage of those votes won by each of the two parties casting the highest vote for governor at the last three preceding gubernatorial elections, for United States Senate at the last three preceding United States Senate elections, and for President of the United States at the last three preceding Presidential elections. The party partisan performance index for each district will then be averaged to create a statewide electoral performance index. Using the resultant statewide electoral performance index, the non-partisan state demographer shall test the plan, simulating an evenly split statewide election by normalizing district party partisan performance indices by the amount by which the statewide electoral performance index varies from fifty percent. In a hypothetical evenly divided statewide election under the proposed plan, the legislative seats should be distributed evenly between parties.

The non-partisan state demographer shall promote competitiveness by ensuring the plan is drawn so as to be equally responsive to surges in the electorate favoring either party. To test this, the non-partisan state demographer shall again use the normalized district-level results within the proposed plan to simulate separate elections in which the hypothetical statewide vote varies from fifty percent by one percent, two percent, three percent, four percent and five percent in favor of each party. The number of additional seats yielded by the simulation for any party for any amount it performs over fifty percent should be matched by the number of seats gained by the other party when it performs the same amount over fifty percent.

(c) Subject to the requirements of subdivisions (1)(a) and (1)(b), districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

(d) To the extent consistent with subdivisions (1)(a) – (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

(e) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) – (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

(2). Within sixty days after the population of this state is reported to the President for each decennial census of the United States [and] or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days [after notification by the governor] that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary[and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission the commission shall receive the tentative plan of apportionment and map of the proposed districts ordered in subsection 4 of this section and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 5.

(a) The Senate shall consist of thirty-four members elected by the qualified voters of the senatorial [respective] districts for a term of four years. [For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.] Senatorial districts shall be apportioned as provided for in Article III, Section 7.

Section 7.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, [and] or within sixty days after [notification by the governor that] a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless

approved by at least seven members.

After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 19.

(a) Senators and representatives shall, in all cases except treason, felony, offenses under this Article, or breach of the peace, be privileged from arrest during the session of the general assembly, and for the fifteen days next before the commencement and after the termination of each session; and they shall not be questioned for any speech or debate in either house in any other place.

(b) Legislative records shall be public records and subject to generally applicable state laws governing public access to public records, including the "Sunshine Law." Legislative records include, but are not limited to, all records, in whatever form or format, of the official acts of the general assembly, of the official acts of legislative committees, of the official acts of members of the general assembly, of individual legislators, their employees and staff, of the conduct of legislative business and all records that are created, stored or distributed through legislative branch facilities, equipment or mechanisms, including electronic. Each member of the general assembly is the custodian of legislative records under the custody and control of the member, their employees and staff. The chief clerk of the house or the secretary of the senate are the custodians for all other legislative records relating to the house and the senate, respectively.

(c) Legislative proceedings, including committee proceedings, shall be public meetings subject to generally applicable law governing public access to public meetings, including the "Sunshine Law." Open public meetings of legislative proceedings shall be subject to recording by citizens, so long as the proceedings are not materially disrupted.

Section 20(c).

No political fundraising activities or political fundraising event by any member of or candidate for the general assembly, including but not limited to the solicitation or delivery of contributions, supporting or opposing any candidate, initiative petition, referendum petition, ballot measure, political party or political committee, shall occur in or on any premises, property or building owned, leased or controlled by the State of Missouri or any agency or division thereof. Any purposeful violation of this section shall be punishable by imprisonment for up to one year or a fine of up to one thousand dollars or both, plus an amount equal to three times the illegal contributions. The Missouri Ethics Commission or its successor agency is authorized to enforce this section as provided by law.

Section 20(d).

If any provision of sections 2, 3, 5, 7, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-043)

Subject

Initiative petition from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III. (Received November 23, 2016)

Date

December 13, 2016

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Ethics Commission,** and the **State Auditor's office.**

Sean Soendker Nicholson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there would be no impact to their department as a result of this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this initiative petition revises Article III of the Missouri Constitution by amending Sections 2, 5, 7, and 19 and enacting three new sections.

Legislators and their employees are prohibited from lobbying for at least one year after the conclusion of the session during which they vacate office, and from acting as paid consultants while in office. Legislators and their staff are prohibited from accepting a gift in excess of five dollars, per occurrence.

The initiative creates the post of "non-partisan State Demographer" to oversee the redistricting process for the state House and Senate districts. The demographer is to be selected by a process involving the State Auditor and the Senate majority and minority leaders. Note that the wording is unclear on this process because the only State Auditor list mentioned in the list of at least three names. Therefore, if each the minority and the majority member are allowed to remove one-third of the list, and the list is only three names, they may each remove one person, leaving only one choice left, so no random lottery would be necessary. This demographer will be unable to hold elected office for four years following the filing of the new legislative districts. The redistricting process shall maximize partisan fairness and competitiveness.

It mandates that legislative records which are created, stored or distributed through legislative branch facilities, equipment or mechanisms shall be public. It allows explicitly identified legislative proceedings as open meetings and authorizes recording of such proceedings by citizens.

Political fundraising activities and events may not be held in any location owned by, or under the control of, the State of Missouri.

Campaign contributions for state senators are limited to $2,500 and representatives are limited to $2,000, with CPI adjustments made in even-numbered years. Also, contributions from federal political action committees are prohibited unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

This proposal could have an impact on the Office of Administration. There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. If the existing State Demographer would be chosen to assume the role of "Non-partisan State Demographer," there would be no fiscal impact. However, if that post is filled by another individual, the salary and benefits costs would be an estimated $128,513 in FY 2021, adjusted for inflation. In either scenario, the cost for other staff hired for the purposes of redistricting would remain the same.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated no impact to their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this should not have a fiscal impact on local government.

Officials from the **Metropolitan Community College** indicated there is no anticipated impact for their college.

Officials from the **University of Missouri** indicated there are no anticipated financial impacts.

Officials from the **Missouri Ethics Commission** (MEC) indicated:

possible increased operating costs of $67,478 for the first year implemented, $61,107 for the second year implemented, and $61,734 for the third year implemented.

Prohibiting a statewide elected official, member of the general assembly or paid employee of general assembly from acting, serving, or registering as a lobbyist for a specified period of time after leaving office would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight to ensure those individuals leaving the general assembly do not register as a lobbyist with the MEC for the specified period of time. This would entail reviewing lobbyist registrations, at the time of receipt by the MEC, and comparing them to those members of the general assembly who have left office within the specified period of time. For any individual submitting a registration, create the necessary correspondence to the registrant and track the results of the correspondence.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Implementing prohibition for a member of general assembly, staff/employees of the general assembly to accept specified monetary lobbyist/lobbyist principal gifts would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific gift prohibition, including reviewing lobbyist reports as established in Section 105.959, RSMo. This oversight, it is assumed, would be primarily from receiving written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission would require additional staff resources.

Implementing campaign finance limits would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about these limits;

examples include providing education, developing informational materials, telephone and email assistance.

- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

Oversee the prohibition of political fundraising activities or events from occurring on State of Missouri property or any agency or division thereof would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about this provision; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific restrictions, including reviewing, auditing, and performing cross checks of the reported fund raising activity, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

In regards to all of the provisions outlined above, if the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The implementation of contribution limits requires the Missouri Ethics Commission to request additional funding. Below is an outline of the additional funding. In the 2016 November General Election a Constitutional Amendment implementing contribution limits was adopted by voters. At this time, the Missouri Ethics Commission has not received the additional funding required to implement contribution limits.

The proposed provisions would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

•$15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

•1 Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800

committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.

•If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo, or complaints received increase significantly an Investigator would be required to provide the proper oversight.

Officials from the **State Auditor's office** (SAO) indicated any additional costs can be absorbed within current appropriations.

Sean Soendker Nicholson provided the following information as a proponent of this initiative petition.

I am a proponent of this initiative petition. Pursuant to 116.175 RSMo, I submit the following information regarding the initiative petition.

There is no cost to the state over the next two years as a result of passage of any of the initiatives. Any potential costs arising from the adoption of these proposals is minimal and can be absorbed with existing resources from the General Assembly, Missouri Ethics Commission, Attorney General's Office, Office of Administration, and other state agencies.

There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. The existing State Demographer can be expected to assume the role of Non-partisan State Demographer, and there would be no fiscal impact. Certainly there can be no definitive judgment that the measure would add costs for the state.

The proposals do not establish a new program or agency so there is no duplication of existing programs. There is no federal mandate with regard to the proposals. There will be no fiscal impact on any subdivision of the state. There will be no economic impact on small businesses.

The Missouri Ethics Commission is already required to provide guidance and information to members of the General Assembly and Missouri public about campaign finance rules and lobbying rules, and is already required to respond to written complaints through conducting investigations and the related legal actions.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate annual operating costs may increase by $189,000. Local governmental entities expect no fiscal impact.

STATE AUDITOR'S OFFICE
RECEIVED
NOV 23 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 23, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III, version 1 (2018-042)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sean Soendker Nicholson on November 23, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 23 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication, the following Articles and Sections of the Constitution of Missouri: Article I, Section 8 and the following Sections of the Missouri Revised Statutes: Sections 105.450 through 105.496 and Sections 130.011 through 130.160. The proposed amendment revises Article III of the Constitution by amending Sections 2, 5, 7, and 19 and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d).

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article III of the Constitution is revised by amending Sections 2, 5, 7, 19, and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d) to read as follows:

Section 2.

After the effective date of this section, no person serving as a member of or employed by the General Assembly shall act or serve as a paid lobbyist, register as a paid lobbyist, or solicit prospective employers or clients to represent as a paid lobbyist during the time of such service until the expiration of one calendar year after the conclusion of the session of the general assembly in which the member or employee last served and where such service was after the effective date of this section.

(a) No person serving as a member of or employed by the General Assembly shall accept directly or indirectly a gift of any tangible or intangible item, service, or thing of value from any paid lobbyist or lobbyist principal in excess of five dollars per occurrence. This Article shall not prevent Candidates for the General Assembly, including candidates for reelection, or candidates for offices within the senate or house from accepting campaign contributions consistent with this Article and applicable campaign finance law. Nothing in this section shall prevent individuals from receiving gifts, family support or anything of value from those related to them within the fourth degree by blood or marriage. The dollar limitations of this section shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency and rounded to the nearest dollar amount.

(c) The General Assembly shall make no law authorizing unlimited campaign contributions to candidates for the General Assembly, nor any law that circumvents the contribution limits contained in this Constitution. In addition to other campaign contribution limitations or restrictions provided for by law, the amount of contributions made to or accepted by any candidate or candidate committee from any person other than the candidate in any one election for the General Assembly shall not exceed the following:

(1) To elect an individual to the office of state senator, two thousand five hundred dollars; and

(2) To elect an individual to the office of state representative, two thousand dollars.

The contribution limits and other restrictions of this section shall also apply to any person exploring a candidacy for a public office listed in this subsection.

For purposes of this subsection, "base year amount" shall be the contribution limits prescribed in this section. Contribution limits set forth herein shall be adjusted on the first day of January in each even-numbered year hereafter by multiplying the base year amount by the cumulative consumer price index and rounded to the nearest dollar amount, for all years after 2018.

(d) No contribution to a candidate for legislative office shall be made or accepted, directly or indirectly, in a fictitious name, in the name of another person, or by or through another person in such a manner as to, or with the intent to, conceal the identity of the actual source of the contribution. There shall be a rebuttable presumption that a contribution to a candidate for public office is made or accepted with the intent to circumvent the limitations on contributions imposed in this section when a contribution is received from a committee or organization that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations. A committee or organization shall be deemed to be primarily funded by a single person, individual, or other committee when the committee or organization receives more than fifty percent of its annual funding from that single person, individual, or other committee.

(e) In no circumstance shall a candidate be found to have violated limits on acceptance of contributions if the Missouri Ethics Commission, its successor agency, or a court determines that a candidate has taken no action to indicate acceptance of or acquiescence to the making of an expenditure that is deemed a contribution pursuant to this section.

(f) No candidate shall accept contributions from any federal political action committee unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The non-partisan state demographer shall be appointed by the Governor through a merit based process. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.

(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned [in the following manner:] as provided in this section.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

(a) Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census.

(b) Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be established in a manner which maximizes partisan fairness and competitiveness treating similarly-situated

parties equitably so that each receives the same fraction of legislative seats for a particular vote percentage as the other party would receive if it had received the same percentage of the vote. The non-partisan state demographer shall draw districts that meet as closely as possible the tests for partisan fairness and competitiveness.

To that end, the non-partisan state demographer shall calculate a district party partisan performance index for each district by determining the number of votes cast for the two top vote- getting parties in each district and then calculating the percentage of those votes won by each of the two parties casting the highest vote for governor at the last three preceding gubernatorial elections, for United States Senate at the last three preceding United States Senate elections, and for President of the United States at the last three preceding Presidential elections. The party partisan performance index for each district will then be averaged to create a statewide electoral performance index. Using the resultant statewide electoral performance index, the non-partisan state demographer shall test the plan, simulating an evenly split statewide election by normalizing district party partisan performance indices by the amount by which the statewide electoral performance index varies from fifty percent. In a hypothetical evenly divided statewide election under the proposed plan, the legislative seats should be distributed evenly between parties.

The non-partisan state demographer shall promote competitiveness by ensuring the plan is drawn so as to be equally responsive to surges in the electorate favoring either party. To test this, the non-partisan state demographer shall again use the normalized district-level results within the proposed plan to simulate separate elections in which the hypothetical statewide vote varies from fifty percent by one percent, two percent, three percent, four percent and five percent in favor of each party. The number of additional seats yielded by the simulation for any party for any amount it performs over fifty percent should be matched by the number of seats gained by the other party when it performs the same amount over fifty percent.

(c) Subject to the requirements of subdivisions (1)(a) and (1)(b), districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

(d) To the extent consistent with subdivisions (1)(a) – (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

(e) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) – (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

(2). Within sixty days after the population of this state is reported to the President for each decennial census of the United States [and] or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days [after notification by the governor] that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary[and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission the commission shall receive the tentative plan of apportionment and map of the proposed districts ordered in subsection 4 of this section and during the ensuing fifteen days shall hold such public

hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 5.

(a) The Senate shall consist of thirty-four members elected by the qualified voters of the senatorial [respective] districts for a term of four years. [For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.] Senatorial districts shall be apportioned as provided for in Article III, Section 7.

Section 7.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, [and] or within sixty days after [notification by the governor that] a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by this subsection, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven members.

After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with

the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 19.

(a) Senators and representatives shall, in all cases except treason, felony, offenses under this Article, or breach of the peace, be privileged from arrest during the session of the general assembly, and for the fifteen days next before the commencement and after the termination of each session; and they shall not be questioned for any speech or debate in either house in any other place.

(b) Legislative records shall be public records and subject to generally applicable state laws governing public access to public records, including the "Sunshine Law." Legislative records include, but are not limited to, all records, in whatever form or format, of the official acts of the general assembly, of the official acts of legislative committees, of the official acts of members of the general assembly, of individual legislators, their employees and staff, of the conduct of legislative business and all records that are created, stored or distributed through legislative branch facilities, equipment or mechanisms, including electronic. Each member of the general assembly is the custodian of legislative records under the custody and control of the member, their employees and staff. The chief clerk of the house or the secretary of the senate are the custodians for all other legislative records relating to the house and the senate, respectively.

(c) Legislative proceedings, including committee proceedings, shall be public meetings subject to generally applicable law governing public access to public meetings, including the "Sunshine Law." Open public meetings of legislative proceedings shall be subject to recording by citizens, so long as the proceedings are not materially disrupted.

Section 20(c).

No political fundraising activities or political fundraising event by any member of or candidate for the general assembly, including but not limited to the solicitation or delivery of contributions, supporting or opposing any candidate, initiative petition, referendum petition, ballot measure, political party or political committee, shall occur in or on any premises, property or building owned, leased or controlled by the State of Missouri or any agency or division thereof. Any purposeful violation of this section shall be punishable by imprisonment for up to one year or a fine of up to one thousand dollars or both, plus an amount equal to three times the illegal contributions. The Missouri Ethics Commission or its successor agency is authorized to enforce this section as provided by law.

Section 20(d).

If any provision of sections 2, 3, 5, 7, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-042)

Subject

Initiative petition from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III. (Received November 23, 2016)

Date

December 13, 2016

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Ethics Commission,** and the **State Auditor's office.**

Sean Soendker Nicholson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there would be no impact to their department as a result of this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated the Governor is responsible for appointing a non-partisan State Demographer; however, there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this initiative petition revises Article III of the Missouri Constitution by amending Sections 2, 5, 7, and 19 and enacting three new sections.

Legislators and their employees are prohibited from lobbying for at least one year after the conclusion of the session during which they vacate office, and from acting as paid consultants while in office. Legislators and their staff are prohibited from accepting a gift in excess of five dollars, per occurrence.

The initiative creates the post of "non-partisan State Demographer" to oversee the redistricting process for the state House and Senate districts. The demographer is to be selected by the Governor through a merit-based system and shall serve a term of five years. This demographer will be unable to hold elected office for four years following the filing of the new legislative districts. The redistricting process shall maximize partisan fairness and competitiveness.

It mandates that legislative records which are created, stored or distributed through legislative branch facilities, equipment or mechanisms shall be public. It allows explicitly identified legislative proceedings as open meetings and authorizes recording of such proceedings by citizens.

Political fundraising activities and events may not be held in any location owned by, or under the control of, the State of Missouri.

Campaign contributions for state senators are limited to $2,500 and representatives are limited to $2,000, with CPI adjustments made in even-numbered years. Also, contributions from federal political action committees are prohibited unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

This proposal could have an impact on their office. There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. If the existing State Demographer would be expected to assume the role of "Non-partisan State Demographer," there would be no fiscal impact. However, if that post is filled by another individual, the salary and benefits costs would be an estimated $128,513 in FY 2021, adjusted for inflation. In either scenario, the cost for other staff hired for the purposes of redistricting would remain the same.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated no impact to their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this should not have a fiscal impact on local government.

Officials from the **Metropolitan Community College** indicated there is no anticipated impact for their college.

Officials from the **University of Missouri** indicated there are no anticipated financial impacts.

Officials from the **Missouri Ethics Commission** (MEC) indicated:

possible increased operating costs of $67,478 for the first year implemented, $61,107 for the second year implemented, and $61,734 for the third year implemented.

Prohibiting a statewide elected official, member of the general assembly or paid employee of general assembly from acting, serving, or registering as a lobbyist for a specified period of time after leaving office would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight to ensure those individuals leaving the general assembly do not register as a lobbyist with the MEC for the specified period of time. This would entail reviewing lobbyist registrations, at the time of receipt by the MEC, and comparing them to those members of the general assembly who have left office within the specified period of time. For any individual submitting a registration, create the necessary correspondence to the registrant and track the results of the correspondence.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Implementing prohibition for a member of general assembly, staff/employees of the general assembly to accept specified monetary lobbyist/lobbyist principal gifts would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific gift prohibition, including reviewing lobbyist reports as established in Section 105.959, RSMo. This oversight, it is assumed, would be primarily from receiving written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission would require additional staff resources.

Implementing campaign finance limits would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about these limits;

examples include providing education, developing informational materials, telephone and email assistance.

- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

Oversee the prohibition of political fundraising activities or events from occurring on State of Missouri property or any agency or division thereof would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about this provision; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific restrictions, including reviewing, auditing, and performing cross checks of the reported fund raising activity, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

In regards to all of the provisions outlined above, if the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The implementation of contribution limits requires the Missouri Ethics Commission to request additional funding. Below is an outline of the additional funding. In the 2016 November General Election a Constitutional Amendment implementing contribution limits was adopted by voters. At this time, the Missouri Ethics Commission has not received the additional funding required to implement contribution limits.

The proposed provisions would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

•$15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

•1 Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800

committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.

•If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo, or complaints received increase significantly an Investigator would be required to provide the proper oversight.

Officials from the **State Auditor's office** (SAO) indicated there is no fiscal impact for their office.

Sean Soendker Nicholson provided the following information as a proponent of this initiative petition.

I am a proponent of this initiative petition. Pursuant to 116.175 RSMo, I submit the following information regarding the initiative petition.

There is no cost to the state over the next two years as a result of passage of any of the initiatives. Any potential costs arising from the adoption of these proposals is minimal and can be absorbed with existing resources from the General Assembly, Missouri Ethics Commission, Attorney General's Office, Office of Administration, and other state agencies.

There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. The existing State Demographer can be expected to assume the role of Non-partisan State Demographer, and there would be no fiscal impact. Certainly there can be no definitive judgment that the measure would add costs for the state.

The proposals do not establish a new program or agency so there is no duplication of existing programs. There is no federal mandate with regard to the proposals. There will be no fiscal impact on any subdivision of the state. There will be no economic impact on small businesses.

The Missouri Ethics Commission is already required to provide guidance and information to members of the General Assembly and Missouri public about campaign finance rules and lobbying rules, and is already required to respond to written complaints through conducting investigations and the related legal actions.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate annual operating costs may increase by $189,000. Local governmental entities expect no fiscal impact.

STATE AUDITOR'S OFFICE
RECEIVED
NOV 22 2016

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 22, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Bradley Bradshaw regarding a proposed constitutional amendment to Article XIV (2018-041)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Bradley Bradshaw on November 22, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County_____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of Section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the State of Missouri and _____County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
NOV 22 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say
(print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS Street, No PO Boxes (City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.	/ /				
2.	/ /				
3.	/ /				
4.	/ /				
5.	/ /				
6.	/ /				
7.	/ /				
8.	/ /				
9.	/ /				
10.	/ /				

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the State of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant (Person obtaining signatures)

_____
Address of Affiant (Person obtaining signatures)

Subscribed and sworn to before me this _____day of _____, A.D. _____.

_____
Signature of Notary

_____
Address of Notary

Notary Public (Seal)

My Commission expires _____.

Be it resolved by the people of the State of Missouri that the Constitution be amended:

One new article and twelve new sections are adopted by adding twelve new sections to a new Article, to be known as Sections 1 through Section 12 of Article XIV to read as follows:

Section 1. Purpose.

(a) For the purpose of benefiting the citizens of Missouri by providing for medical research to find and develop cures and treatments for cancer and other incurable and chronic diseases or medical conditions, and by funding said medical research by the legalization and use of medical marijuana or its derivatives as palliative or ameliorative treatment for any such condition, with taxes on medical marijuana or any derivatives thereof as set forth herein, with the proceeds of such taxes to be used to establish, provide for, and continue such medical research as provided herein. This Article XIV permits authorized physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The Article XIV allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician. This Article XIV is not intended to change current civil and criminal laws governing the use of marijuana for nonmedical purposes. The section does not allow for the public use of marijuana or driving under the influence of marijuana.

Section 2. Definitions:

As used in this Article XIV, the following terms shall mean:

(a) "Administer" means the direct application of marijuana to the body of a qualifying patient by any approved methods, as defined herein.

(b) "Approved methods" for the administration of marijuana are defined to include ingestion of capsules, teas and other sanctioned marijuana-infused products, vaporization or smoking of dried flowers/buds, oils, resins, or plant material, application of ointments, patches, suppositories or balms, consuming marijuana-infused food products or any other method recommended by a qualifying patient's physician and approved by the Research Board.

(c) "Article XIV Coordinator" means the individual who coordinates activation and implementation of this Article XIV and its subsections by initially and temporarily functioning as the Chairperson of the Research Board of the Biomedical Research and Drug Development Institute and Chairperson of the Land Acquisition Board until those positions are otherwise filled pursuant to this Article XIV.

(d) "Authorized physician" means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law and has not in the past ten years had their licensed suspended, or in the last twenty years revoked, for excessively dispensing controlled substances.

(e) "Building and construction" means the erection, renovation, development or remodeling of any structure allowed for in this article including, but not limited to, marijuana cultivation facilities, offices, buildings, clinics, hospitals, sidewalks, roads, public transit systems and structures, public recreational and entertainment facilities, community developments, landscaping, green spaces, enterprise zones, housings, parks, recreational areas and the planning, design, development, architectural design and engineering of any of the same.

(f) "Campus" means the primary and main physical location of a campus where medical research and treatment shall be performed, medical marijuana and the diseases it ameliorates may be cultivated and studied, and headquarters of the Research Board and where the Research Board shall primarily operate, also including but not limited to, the campus selected and developed under land acquisition and land development, and used as the primary physical location for jobs, building and construction, land development, improvements, research, cures and education in Missouri in the endeavor to find cures for presently incurable diseases under this Article XIV.

(g) "Cures" means any and all cures, also including but not limited to, medical treatments, psychiatric and psychological treatments, medications, protocols, therapies, surgeries, genetic material, biologicals, behavioral treatments, clinical trials, laboratory studies, diagnostic tests, evaluations, counseling, treatments, implants, grafts, hardware, orthotics, machines, electronic devices, computers, software programs, studies, and endeavors that help or may help in studying, slowing, curing, eliminating, halting, placing in remission, ameliorating, ending, or regressing any or all presently incurable diseases, targeted diseases, or conditions, illnesses and diseases that are otherwise incurable.

(h) "Designated primary caregiver" means an individual twenty-one (21) years of age or older who has significant responsibility for managing the well-being of a person who has a physician certification and has been designated as such on that person's application for a designated primary caregiver identification card consistent with the regulations of the Research Board.

(i) "Designated primary caregiver identification card" means a card issued by the Research Board to a designated primary caregiver.

(j) "Education" means any and all education, also including but not limited to, teaching, training and education that is, directly or indirectly, necessary, helpful or supportive to jobs, building and construction, land development, campus development, campus improvement, research, jobs and education in Missouri in the endeavor to find cures for incurable diseases.

(k) "Endeavor" means any and all endeavors, also including but not limited to, attempts, quests, searches, championing, pursuit, travel, work, inquiries, treatments, protocols, implementations, and research relating to jobs, building and construction, land development, campus, research and education in Missouri in the effort to find cures for presently incurable diseases.

(l) "In Missouri" means within the geographic boundaries of the State of Missouri as established by law and this Constitution.

(m) "Jobs" means any and all forms of jobs and work pursuant to this Article XIV, also including but not limited to, salaries, consultants and fees, employment of individuals where the work classification is directly or indirectly related to building and construction, land development, campus, research, cures and education in Missouri in the endeavor to find cures for presently incurable diseases.

(n) "Land acquisition" means the acquisition of real and personal property, also including but not limited to investigations, inquiries, studies, plans and review of data to determine five potential locations for land development and acquisition for a campus where jobs will be had, building and construction will occur and research and education in Missouri will take place in the endeavor to find cures for presently incurable diseases and where the Research Board shall be primarily located.

(o) "Land development" means any and all land planning and development, also including but not limited to studies, inquiries, exploration, research, planning, and actual purchase of lands, buildings, real estate and property related to site development and campus, land acquisition, land design and use, covenants, restrictions, and ancillary jobs, building and construction, research and education in Missouri in the endeavor to find cures for presently incurable diseases.

(p) "Local government" means a county or city not within a county, or any city, town or village under Chapters 71-82 RSMo.

(q) "Marijuana" means *Cannabis indica*, *Cannabis sativa*, and *Cannabis ruderalis*, hybrids of such species, and any other strains, including but not limited to extractions, resins, concentrates and infusions, commonly understood within the scientific community to constitute or contain marijuana, and the seeds of such plants. "Marijuana" does not include industrial hemp containing a crop-wide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp, or synthetic marijuana.

(r) "Medical Marijuana Cultivation Facility" means a facility, person or entity, licensed by the Research Board, to cultivate in Missouri, store and transport in Missouri and sell in Missouri, marijuana to a Medical Marijuana Dispensary Facility for sale for medical use or to a Medical Marijuana-Infused/Extraction Products Manufacturing Facility for use and manufacture in marijuana-infused/extraction products for sale to a Medical Marijuana Dispensary Facility for sale for medical use.

(s) "Medical Marijuana Research Cultivation Facility" means a facility, person or entity, licensed by the Research Board, to cultivate in Missouri, store and transport in Missouri and sell in Missouri, marijuana for research purposes or to a Medical Marijuana Dispensary Facility for sale for medical use or to a Medical Marijuana-Infused/Extraction Products Manufacturing Facility for use and manufacture in marijuana-infused/extraction products for sale to a Medical Marijuana Dispensary Facility for sale for medical use, with such Medical Marijuana Dispensary Facilities participating in the research in some fashion directed towards the use of medical marijuana, by voluntary surveys, or otherwise, with qualifying patients who purchase the research cultivated marijuana.

(t) "Medical Marijuana Dispensary Facility" means a facility, licensed by the Research Board, to transport, store and sell in Missouri marijuana or marijuana-infused/extraction products for medical use, as provided in this Article XIV.

(u) "Medical Marijuana-Infused/Extraction Products Manufacturing Facility" means a facility, licensed by the Research Board, to manufacture products which are infused with marijuana or its extracts, or products produced from extracts or derivatives of marijuana, and store and transport marijuana-infused/extraction products in Missouri for sale to a Medical Marijuana Dispensary Facility for sale for medical use.

(v) "Medical use of marijuana" means the production, possession, delivery, transportation, distribution or administration of marijuana, or paraphernalia used to administer marijuana, as necessary for the exclusive benefit of a person to mitigate the symptoms or effects of the person's qualifying medical condition.

(w) "Missouri Resident" means for purposes of this Article XIV that the natural person was physically present and maintained a residence in the state of Missouri for greater than one hundred and eighty (180) days out of any calendar year in question and was legally in both the United States and Missouri during that entire time period.

(x) "Participating research entities" means public, private, quasi-public or quasi-private entities or individuals that enter into contracts with the Research Board for research, building and construction and endeavors to facilitate finding cures for presently incurable diseases.

(y) "Physician certification" means a written document, valid for up to twenty-four (24) months from the date of the authorized physician's signature, signed by an authorized physician, that states in the physician's professional opinion, the qualifying patient suffers from a qualifying medical condition, is likely to receive therapeutic or palliative benefit from the medical use of marijuana to treat or alleviate the patient's qualifying medical condition or symptoms associated with the qualifying medical condition, and that the potential benefits of the medical use of marijuana may outweigh the health risks to the qualifying patient.

(z) "Plant canopy" means the area dedicated to live marijuana plants, such as maintaining mother plants, propagating plants from seed to plant tissue, clones, vegetative or flowering area. Plant canopy does not include areas such as space used for the storage of fertilizers, pesticides, or other products, quarantine, office space, walkways and the like.

(aa) "Presently incurable diseases" means any and all diseases and disorders that are presently as well as in the future determined/classified to be incurable, including but not limited to, illnesses, diseases, ailments, conditions and syndromes that are terminal, fatal, progressive, not necessarily progressive but result in long term and frequently permanent injury, disability or suffering, or such conditions that are not readily or not effectively treatable to a full cure.

(bb) "Qualifying medical condition" means diseases that medical marijuana ameliorates, including but not limited to:

i. cancer,
ii. epilepsy,
iii. multiple sclerosis,
iv. human immunodeficiency virus and acquired immune deficiency syndrome,
v. glaucoma,
vi. intractable migraines unresponsive to other treatment,
vii. a chronic medical condition that causes persistent pain and/or persistent muscle spasms including but not limited to those associated with paralysis, Parkinson's disease, Bell's Palsy, and Tourette's syndrome,
viii. debilitating psychiatric disorders that benefit from medical marijuana and have been treated at some point in the patient's medical history by a physician who has received at least three months or more of training in a psychiatric internship, residency program, or through a continuing education program sponsored by an accredited psychiatric residency program, approved by the Research Board and directed toward the recommendations or use of medical marijuana for psychiatric disorders,
ix. a terminal illness,
x. end stage illness as defined by the Research Board, and
xi. any other diseases that the Research Board determines, based upon reliable data and generally accepted scientific principles, will benefit from treatment with medical marijuana.

(cc) "Qualifying patient" means 1) a patient, eighteen (18) years old or older, with one or more qualifying medical conditions, or 2) a patient, under eighteen (18) years old, with one or more qualifying medical conditions who also has notarized written consent from a parent or legal guardian to use medical marijuana or medical marijuana-infused products, as well as verbal in person consent from a parent or legal guardian to an authorized physician writing the physician certification.

(dd) "Qualifying patient identification card" means a card issued by the Research Board for a qualifying patient with a valid physician certification.

(ee) "Research" means any and all research and development, also including but not limited to, teaching, training, studies, analysis, evaluations, and education that is, directly or indirectly, necessary, helpful or supportive to discovering, implementing, or finding cures, and studies for cures of illnesses and diseases that are presently incurable diseases and ancillary jobs, building and construction, research and education in Missouri in the endeavor to find cures for presently incurable diseases.

(ff) "Research Board" means the Board of the Biomedical Research and Drug Development Institute.

(gg) "Rule" or "Rules" has the meaning in this article as it does in Section 536.010 of RSMo.

(hh) "Secondary Campus" means Research Board discretionary secondary physical locations, including but not limited to building and construction of such secondary campuses that will operate in collaboration with any accredited medical or pharmacy school located within Missouri under this Article XIV, section 5, and used for jobs, building and construction, research, cures, and education in Missouri in the endeavor to find cures for presently incurable diseases under this Article XIV.

(ii) "Shall" means must in this Article XIV.

(jj) "Targeted Disease(s)" means any and all presently incurable diseases that are, or may be, specifically identified or singled out, or otherwise isolated, whether by type, sub-type, sub-sub-type, and to show by example: breast cancer, or interlobular breast cancer, or estrogen positive breast cancer, or estrogen negative interlobular breast cancer, or poorly differentiated estrogen positive interlobular breast cancer, etc.; or leukemia or chronic lymphocytic leukemia or acute lymphocytic leukemia, or acute lymphocytic leukemia with certain genetic markers, or chronic myelogenous leukemia, etc.; or Parkinson's disease, or early onset Parkinson's disease, etc.; or endogenous depression, or depression secondary to bipolar disorder, etc.

Section 3. Research Board and Duties.

(a) There is hereby created and established as a governmental instrumentality of the State of Missouri the "Biomedical Research and Drug Development Institute" which shall constitute a body corporate and politic and operate pursuant to this Article XIV. The Biomedical Research and Drug Development Institute shall exist on a campus established by building and construction on land acquired and land developed pursuant to this Article. On this Biomedical Research and Drug Development Institute campus research shall be performed in the endeavors to find cures for presently incurable diseases. The Biomedical Research and Drug Development Institute shall have located on its campus targeted disease research groups to further this research.

(b) "Biomedical Research and Drug Development Institute" shall be governed by the "Board of Biomedical Research and Drug Development" hereafter "Research Board".

(c) It is expressly directed and permitted that the "Biomedical Research and Drug Development Institute" and the "Research Board" shall not be assigned to any Missouri Department but rather shall be an independent institute existing and operating pursuant to this Article XIV under the direction of the Research Board.

(d) In the event Section 3 subsection (c) of this Article XIV is contrary to existing superseding constitutional law the "Biomedical Research and Drug Development Institute" and "Research Board" shall be transferred by operation of Article IV section 12 to a department, then they shall be assigned to the Department of Health and Senior Services with supervision of the department extending only to budgeting and reporting as provided by subdivisions (4) and (5) of subsection 6 of section 1 of the Reorganization Act of 1974. Supervision by the department shall not extend to matters relating to policies, regulatory functions or other matters specifically entrusted to the Research Board by this Article XIV, and neither the director of the department nor any employee of the department shall, directly or indirectly, interfere with the activities of the Research Board or the research provided by this Article XIV.

(e) The Research Board is charged by the people of the State of Missouri to effectuate this Article XIV, to find cures for currently incurable diseases, and to the extent reasonably practicable generate income pursuant to this Article XIV to the State of Missouri with such cures.

(f) It is the duty of the Research Board to promulgate rules in accordance with the provisions of this Article, and to effectuate the provisions of this Article. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this article shall become effective only if it complies with and is subject to all of the provisions of chapter 536 RSMo.

i. For purposes of only rule making and adjudicated cases, as defined in RSMo 536.010, the Research Board is an agency who is subject to chapter 536 RSMo, except;

ii. For purposes of adjudicated cases as defined in 536.010, the Research board is not subject to chapter 536 RSMo if it has established written procedures to assure that constitutionally required due process safeguards exist and apply to proceedings that would otherwise constitute a contested cases as defined in section 536.010 RSMo.

(g) Any member of a Board established by this Article XIV may be removed for cause by a vote of three fourths of both the Missouri House of Representatives and Senate, with the concurrence of the Governor.

(h) The Research Board shall issue, renew, regulate, restrict, and revoke licenses for marijuana facilities, including but not limited to Medical Marijuana Cultivation Facilities, Medical Marijuana Research Cultivation Facilities, Medical Marijuana-Infused/Extraction Products Manufacturing Facilities, and Medical Marijuana Dispensary Facilities, and issue, renew, regulate, restrict, and revoke qualifying patient identification cards and designated primary caregiver cards.

(i) The Research Board shall issue rules for licensure of marijuana facilities, including but not limited to procedures for:

i. issuing, renewing, regulating, restricting and revoking licenses for Medical Marijuana Cultivation Facilities, Medical Marijuana Research Cultivation Facilities, Medical Marijuana-Infused/Extraction Products Manufacturing Facilities, and Medical Marijuana Dispensary Facilities,

ii. the issuance, renewal, regulating, restricting and revocation of qualifying patient identification cards and designated primary caregiver identification cards, and

iii. the creation of a confidential qualifying patient, confidential cultivation location and confidential designated primary caregiver registry. Patients may be issued confidential patient identification numbers for purposes of identity protection and medical marijuana sales. The purpose of the regulations within this subsection is to ensure the availability and safe confidential use of marijuana by qualifying patients.

(j) The Research Board shall develop rules whereby the denial or revocation of a license, license renewal, identification card or other adverse action by the Research Board shall be:

i. appealable to the Administrative Hearing Commission and otherwise subject to judicial review as provided by law, or

ii. subject to Biomedical Research and Drug Development Institute established written procedures to assure that constitutionally required due process safeguards exist and apply to such a denial, revocation, or adverse action of the Research Board.

(k) The Research Board shall consist of nine members to be selected, as soon as practicable, by the Article XIV Coordinator as set forth in this Article XIV, one of whom shall be selected by the Article XIV Coordinator as Research Chairperson. The Article XIV Coordinator shall serve as Research Chairperson until the nine members are selected, at which time the Article XIV Coordinator is terminated from the Research Board. The members of the Board, other than the temporary "then existing Research Board" in section 3(t), selected by the Article XIV Coordinator shall serve the following terms: four shall serve three years, and five, including the Research Chairperson, shall serve six years. Thereafter, each appointment shall be for a term of six years. Upon conclusion of the Research Chairperson's first term, or vacancy, whichever comes first, the Research Board shall choose from within their members a Research Chairperson. If for any reason a vacancy occurs, the Research Chairperson shall appoint a new member to fill the unexpired term. Members are eligible for up to four reappointments. Although members of the Research Board and Article XIV Coordinator may hold other employment, no member of such Research Board shall hold any public office, and no member shall hold any official position in a political party.

i. It is expressly directed and permitted that the person who is designated on the initially submitted Initiative Petition Submission Cover Page to be the contact person to whom any notices shall be sent under sections 116.140 and 116.180 RSMo for the initiative petition filed for this Article XIV pursuant to RSMo 116.100 and 116.332, shall serve as the Article XIV Coordinator.

ii. If the person who is designated on the initially submitted Initiative Petition Submission Cover Page to be the contact person to whom any notices shall be sent under sections 116.140 and 116.180 RSMo for the initiative petition filed for this Article XIV pursuant to RSMo 116.100 and 116.332 for any reason does not serve as the Article XIV Coordinator the Governor shall appoint an individual who is both a licensed Missouri physician and licensed Missouri attorney, but if no such person is available or accepts the appointment, then any Missouri resident who also holds a Missouri license to practice medicine and a PhD in Biology, Chemistry, Biochemistry, Physics, Genetics, Anatomy or equivalent degree, from an accredited university that has been in existence at least fifty (50) years.

iii. The Article XIV Coordinator shall serve without compensation but shall receive reimbursement for all expenses associated with the performance and delegation of all duties pursuant to this Article XIV, and shall have two administrative assistants who shall each be paid out of the General Purpose Account at the rate of a Missouri State Representative, so long as there are funds available. If no funds are immediately available, the administrative assistants may serve with deferred compensation until funds are available and when funds become available the administrative assistants shall be paid the full compensation owed, as shall the expenses of the Article XIV Coordinator be reimbursed.

(l) Five members of the Research Board shall constitute a quorum. No vacancy in the membership of the Board shall impair the right of a quorum to exercise all the rights and perform all the duties of the Board. The Research Board may act only by the concurrence of a majority of a quorum, with such quorum meeting in person when practicable but by video teleconference or similar means when approved by a majority of the quorum. Failure to regularly and frequently participate in Board business shall be grounds for dismissal from the Board upon a vote of six members of the Board.

(m) The Research Board is hereby granted, has and may exercise all powers necessary or appropriate to implement, carry out, enforce and effectuate its purpose, and the purposes of this Article XIV including but not limited to the following:

i. To make, purchase or participate in the purchase of property;

ii. Adopt bylaws for the regulation of its affairs and the conduct or discharge of its business and define terms so as to reasonably and effectively carry out the purpose of this Article XIV;

iii To accept appropriations, gifts, grants, bequests, and devises and to utilize or dispose of the same to carry out its purpose;

iv. To make and execute contracts, releases, compromises, and other instruments necessary or convenient for the exercise of its powers, or to carry out its purpose;

v. To sue and be sued;

vi. To have a seal and alter the same at will;

vii. To make, promulgate and from time to time, amend and repeal rules;

viii. To perform all administrative duties necessary or that reasonably assist in the discharge and conduct of its business as defined in this Article, including, but not limited to, the formation of committees and subcommittees and the delegation of its authority, to the extent permitted by law, to such committees and subcommittees.

ix. To form advisory panels of licensed cultivators, infusers/extractors, and dispensaries;

x. To acquire, hold, lease, sell and dispose of personal property for its purpose;

xi. To sell, at public or private sale, any mortgage, negotiable instrument or obligation securing building and construction or land development;

xii. To enter into agreements or other transactions with any federal or state agency, international entity, any person or any domestic or foreign partnership, corporation, association or organization;

xiii. To acquire real property, or an interest therein, in its own name, to hold, not sell, and may lease for up to 100 years and one option to renew up to another 100 years such property to a tenant to develop, for building and construction, and to manage and operate such property, to enter into management contracts with respect to such property and to mortgage such property;

xiv. To procure insurance against any loss in connection with its property in such amounts, and from such insurers, as may be necessary or desirable;

xv. To develop a retirement or pension plan for employees, staff and board members working for the Research Board or the Biomedical Research and Drug Development Institute;

xvi. To issue and sell revenue bonds to fund any purpose authorized by this Article. Any bonds issued under the provisions of this Article shall not be deemed to be an indebtedness of the State of Missouri or of any political subdivision thereof, and shall not be deemed to be an indebtedness within the meaning of any constitutional or statutory limitation upon the incurring of indebtedness. The proceeds of the sale or sales of any bonds issued hereunder shall be paid into the state treasury and be credited to a fund to be designated the "Biomedical Research and Drug Development Institute Trust Fund". The bonds shall be retired serially and by installments within a period not to exceed twenty-five years from their date of issue and shall bear interest at a rate or rates not exceeding the rate permitted by law.

(n) The Research Board shall charge fees for each applicant for each license to operate a Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility or Medical Marijuana-Infused/Extraction Products Manufacturing Facility as follows: 1. Except for Medical Marijuana Research Cultivation Facilities, a non-refundable $25,000 application fee for each type of facility which shall constitute the licensure fee for the first year of licensure; 2. For Medical Marijuana Research Cultivation Facilities a non-refundable $5,000 application fee which shall constitute the licensure fee for the first year of licensure and, in addition 3. For each type of facility in each subsequent licensure year, a fee equal to 125% of the pro-rata estimated average yearly cost to the Research Board of administrating and enforcing this Article XIV application and licensing process, estimated over a five (5) year period, divided equally among all applicants based on the yearly estimated number of applicants for such licenses over the same five (5) year period, as reasonably estimated by the Research Board.

(o) The Research Board shall set a limit on the amount of marijuana that may be purchased per month, provided that limit is not less than three (3) ounces every thirty (30) days of dried unprocessed marijuana or its extract equivalent as reasonably determined by the Research Board. A requested waiver of any such limit may be reviewed by the Research Board for a qualifying patient with written certification from two physicians, not of the same clinic, setting forth compelling reasons for additional amounts requested.

(p) The Research Board shall restrict the number of licenses granted for Medical Marijuana-Infused/Extraction Products Manufacturing Facilities within the state of Missouri to a total of not less than fifty (50) licenses. Upon the written request of a local government to the Research Board for an exception to increase the specific number of available licenses within that local government, above the restriction, such exception for a specific number of licenses may be granted by the Research Board for such licenses. Alternatively, upon the written request of local government for an exception to exclude local government from Medical Marijuana-Infused/Extraction Products Manufacturing Facilities, the Research Board may provide such a requesting local government a five (5) year exclusion, which thereafter may be reconsidered by the Research Board for renewal every five (5) years if the local government has placed the matter to a vote of the local government population and such vote resulted in a majority vote for a continued ban upon infused/extraction products facilities.

(q) The Research Board shall restrict the number of licenses granted for Medical Marijuana Dispensary Facilities within each county or city not within a county to two (2) for every twenty thousand (20,000) inhabitants. If a county or city not within a county has fewer than twenty thousand (20,000) inhabitants, the Research Board may restrict the number of licenses granted for Medical Marijuana Dispensary Facilities to two (2). Upon the written request of a local government to the Research Board for an exception to increase the specific number of available licenses within that local government, above the restriction, such exception for a specific number of licenses may be granted by the Research Board for such licenses. Alternatively, upon the written request of a local government for an exception to exclude local government from Medical Marijuana Dispensary Facilities, the Research Board may provide such a requesting local government a five (5) year exclusion, which thereafter may be reconsidered by the Research Board for renewal every five (5) years if the local government has placed the matter to a vote of the local government population and such vote resulted in a majority vote for a continued ban upon dispensaries.

(r) The Research Board may restrict the number of licenses granted for Medical Marijuana Cultivation Facilities within the state of Missouri to a total of not less than fifty (50) licenses, and the number of Medical Marijuana Research Cultivation facilities to a total of not less than four hundred (400) licenses. If the number of licenses is restricted by the Research Board, upon the written request of a local government to the Research Board for an exception to increase the specific number of available licenses within that local government, above the restriction, such exception for a specific number of licenses may be granted by the Research Board for such licenses. Alternatively, upon the written request of a local government for an exception to exclude local government from Medical Marijuana Cultivation Facilities and Medical Marijuana Research Cultivation Facilities, the Research Board may provide such a requesting local government a five (5) year exclusion, which thereafter may be reconsidered by the Research Board for renewal every five (5) years if the local government has placed the matter to a vote of the local government population and such vote resulted in a majority vote for a continued ban upon cultivation.

(s) The initial nine members of the Research Board shall have their compensation set as the annual salary received by the Missouri Supreme Court Chief Justice. Thereafter, for new members of the Board, the compensation shall be an amount agreed upon by at least one half of the Research Board, and approved by the Governor, but not less than the annual salary received by the Missouri Supreme Court Chief Justice. Upon further years of service, the compensation shall be increased every three years by the greater of a cost of living increase based upon the Consumer Price Index (CPI), or successor index as published by the U.S. Board of Labor or its successor agency, or at a raised amount agreed upon unanimously by the Research Board and approved by the Governor.

(t) A nonpartisan scientific nominating committee, hereafter nonpartisan commission, of five (5) individuals shall review applications, interview candidates and for each vacancy in the Research Board and shall select a panel of four (4) individuals from which the Research Chairperson shall appoint as member(s) of the Research Board. The five individuals on the nonpartisan commission members shall be elected from the combined pool of licensed Missouri physicians and pharmacists as set out in this subsection (t). Residents of the State of Missouri who are licensed Missouri physicians or licensed Missouri pharmacists and living in the State of Missouri at least six (6) months over the twelve (12) months before the election in this subsection (t) shall elect a grand total of five individuals from the combined pool of licensed Missouri physicians and pharmacists to serve as members of said nonpartisan commission. Each member shall serve four (4) year terms except that from the initial election of members of the nonpartisan commission, the three (3) with the lowest number of votes shall be elected to two (2) year terms, and the other two (2) members which shall be elected to a four (4) year term, and the members of the nonpartisan commission shall select one of their number to serve as chairperson. No member of the nonpartisan commission shall hold any public office, and no member shall hold any official position in a political party. The nonpartisan commission may act only by the concurrence of a majority of its members. The members of such nonpartisan commission shall receive a salary equal to that of an elected state senator as compensation for their services and they shall receive their necessary traveling and other expenses incurred while actually engaged in the discharge of their official duties. Except as provided otherwise in this Article XIV, any and all such nonpartisan commissions shall be governed, and all nonpartisan commission elections provided for under this section shall be held by, and regulated under, such rules as a panel of three retired Missouri judges appointed by the Research Chairperson, or Article XIV Coordinator prior to the Research Chairperson, shall promulgate. Said rules shall be presented to the Research Chairperson who shall file such rules with the secretary of state on behalf of the Research Board within twenty-one (21) days of receiving them from the three judge panel. The three judge panel shall be compensated the standard rate of retired senior judges paid out of the General Purpose Account during the weeks in which they perform work. Pending selection and appointment that will fill the Research Board, the Article XIV Coordinator shall appoint four (4) temporary acting members and the Governor shall appoint four (4) temporary acting members who together with the Article XIV Coordinator shall be the "then existing Research Board" and shall have the power and duties of the Research Board until such member positions are otherwise filled pursuant to this Article. Those temporary members shall serve at the same rate as Research Board members so long as there are funds available. If no funds are immediately available, the members may serve with deferred compensation until funds are available and when funds become available the members shall be paid for time served from appointment, and for their reasonable expenses incurred to effectuate their duties.

(u) Applications for vacancies in the Research Board are permitted by any licensed physician or licensed pharmacist residing in the State of Missouri for at least three years prior to their application who also holds a PhD in Biology, Chemistry, Biochemistry, Physics, Genetics, Anatomy, Biomedical Engineering, Neuroscience, a Juris Degree, or equivalent degree who may submit an application to the nonpartisan commission for consideration. Additionally, any citizen of the United States, or Nobel Laureate in the field of medicine or science with permanent residence in the United States, who also holds a PhD in Biology, Chemistry, Biochemistry, Physics, Genetics, Anatomy, Biomedical engineering, Neuroscience, a Juris Degree, or equivalent degree, from an accredited university that has been in existence at least fifty (50) years, upon nomination of a Dean of the School of Medicine of the University of Missouri – Columbia, Kansas City, St. Louis, St. Louis University, or Washington University in St. Louis, or upon nomination of a member of the Missouri State Senate may submit their application to the nonpartisan commission for consideration.

(v) The Research Board shall establish targeted diseases research groups, hereafter research groups, aimed at research, finding cures, and endeavors for fighting specific targeted diseases consistent with the purpose of the charge of this Article XIV. Specific targeted diseases shall be identified by the Research Board, and such targeted diseases may be identified for receiving segregated donations and contributions before and after the targeted disease research group is established. Research groups shall be governed by a panel of not less than three (3) individuals and not more than seven (7), chosen by the Research Board, who shall oversee, supervise, steer, and regulate the group's research to find cures. Individuals on the Research Board may sit on up to four (4) targeted disease group governing panels. Research group panel members, except for Research Board members who shall receive no additional compensation, shall have their compensation set as the annual salary determined by the Research Board, but in no event less than 70% of the annual compensation of the Missouri Supreme Court Chief Justice. When a targeted disease group governing panel includes five (5) or more members, up to two (2) of those members may be non-compensated non-voting advisory members of a 501c3 charitable organization(s) that has demonstrated a commitment, as determined by the Research Board, to finding a cure for the targeted disease.

(w) Members of the Research Board, except as allowed under this Article XIV, shall not enter into any personal financial or business relationships with a Section 10 participating research entity, other than in an accredited university faculty position, during the member's tenure on the Research Board, and for a period of two (2) years after that member's tenure on the Research Board ends. Further a Research Board member shall never steer research outcomes to or toward a particular direction or goal with the purpose of helping a private company for personal or for family financial gain. Nothing in this subsection shall prohibit or prejudice a board member or Article XIV Coordinator from entering into any employment, financial or business relationship so long as such does not steer or influence Article XIV research toward a particular research result/outcome for personal financial gain.

(x) The monies, including but not limited to all revenues and taxes generated, obtained and distributed under this Article XIV, and all other monies generated, obtained, and distributed under this Article XIV shall not be included within the definition of "total state revenues" as that term is used in section 17 of Article X of this constitution nor be considered as an "expense of state government" as that term is used in section 20 of article X of this constitution.

(y) The Research Board shall establish a public website for transmission and receipt of information to and from the public.

(z) Within ninety (90) days of the effective date of this Article XIV if practicable, but in no event shall the time exceed six (6) months after the effective date of this Article XIV, the Research Board shall make available to the public license application forms and application instructions for Medical Marijuana Cultivation Facilities, Medical Marijuana Research Cultivation Facilities, Medical Marijuana Dispensary Facilities, and Medical Marijuana-Infused/Extraction Products Manufacturing Facilities.

(aa) Within ninety (90) days of the effective date of this Article XIV if practicable, but in no event shall the time exceed six (6) months after the effective date of this Article XIV, the Research Board shall make available to the public application forms and application instructions for qualifying patient and primary caregiver identification cards. Within one hundred and twenty (120) days of the effective date of this Article XIV, if practicable, but in no event more than eight (8) months after the effective date of this Article XIV, the Research Board shall begin accepting applications for such identification.

Section 4. Licensure, Taxation and Reporting.

(a) A cultivation tax is hereby imposed on each wholesale sale in Missouri by a Medical Marijuana Cultivation Facility and Medical Marijuana Research Cultivation Facility to a Medical Marijuana-Infused/Extraction Products Manufacturing Facility, and a Medical Marijuana Cultivation Facility and Medical Marijuana Research Cultivation Facility to a Medical Marijuana Dispensary Facility, at a rate for marijuana flowers of nine dollars and twenty five cents ($9.25) per dry-weight ounce, and the tax rate for marijuana leaves shall be set at two dollars and seventy five cents ($2.75) per dry-weight ounce, with such rate to be increased or decreased each year by the percentage of increase or decrease of the Consumer Price Index (CPI), or successor index as published by the U.S. Board of Labor or its successor agency.

i. For all wholesale sales of marijuana, a receipt must be given by the seller which identifies all the parties involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations and grand total sale amounts.

(b) A tax is hereby imposed on each retail sale in Missouri of Marijuana and Marijuana Infused/Extraction products by a Medical Marijuana Dispensary Facility at a rate of fifteen percent (15%) of the purchase price paid or charged, or in case such sale involves the exchange of property, to fifteen percent (15%) of the consideration paid or charged, including the fair market value of the property exchanged at the time and place of the exchange.

i. The tax must be collected by the Medical Marijuana Dispensary Facility and paid to the Department of Revenue within thirty (30) days of the retail sale.

ii. For all retail sales of marijuana, a receipt must be given by the seller which identifies all the parties involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations and grand total sale amounts. The seller of the product must issue a copy of the receipt to the Department of Revenue or be subject to an automatic penalty up to $100 per-occurrence; failure to submit such receipts may further subject a seller to prohibition on obtaining a future license for Medical Marijuana Cultivation, a Medical Marijuana Dispensary Facility, or a Medical Marijuana-Infused/Extraction Products Manufacturing Facility, for a minimum of 30 days to a maximum of life, and if a non-human entity a maximum of forever.

(c) Subject to the limitations within this Article a person who is a Missouri resident for three or more years, or entity that is registered to do business in the State of Missouri and owned at least seventy percent (70%) or more by three year or longer duration Missouri residents, may apply for and obtain from the Research Board a license to operate a Medical Marijuana Cultivation Facility or Medical Marijuana Research Cultivation Facility in Missouri.

i. Such person or entity may apply to the Research Board for and obtain:

a. A yearly Medical Marijuana Cultivation Facility license to grow marijuana. Each such license shall be valid for growing marijuana in up to twenty thousand (20,000) square feet of plant canopy. Each such license shall be taxed at an initial rate of $25,000 for the first year per license (which must be by money order, cashier's check, or other means as determined by the Research Board and accompany the application and will be returned if the application is unsuccessful) and then annually at $15,000 per license upon renewal; or

b. A yearly Medical Marijuana Research Cultivation Facility license to grow marijuana. Each such license shall be valid for growing marijuana in up to two thousand five hundred (2,500) square feet of plant canopy. Each such license shall be taxed at an initial rate of $10,000 for the first year per license (which must be by money order, cashier's check, or other means as determined by the Research Board and accompany the application and will be returned if the application is unsuccessful) and then annually at $5,000 per license upon renewal.

c. Such licenses may be renewed each year, and rates for both licenses may be increased or decreased each year by the percentage of increase or decrease of the Consumer Price Index (CPI), or successor index as published by the U.S. Board of Labor or its successor agency.

d. No more than three Medical Marijuana Cultivation Facility licenses shall be issued to or possessed by any individual, group of individuals, or entity(s) under substantially common control, ownership, or management, whether directly, indirectly or by derivative.

e. No more than five Medical Marijuana Research Cultivation Facility licenses shall be issued to or possessed by any individual, group of individuals, or entity(s) under substantially common control, ownership, or management, whether directly, indirectly or by derivative.

ii. When there are more applications for licenses than are available, except as stated in 4(c)ii.a. of this subsection immediately below, licenses shall be on the basis of competitive bids (such bids must be by money order, cashier's check, or other means as determined by the Research Board, and accompany the application and will be returned if the bid is unsuccessful), with licenses awarded to the highest bidder. Such bids shall be made in a manner prescribed by the Research Board to avoid disclosure of bid amounts to competing bidders during the bidding process.

a. The Research Board may set aside up to 50% of the Medical Marijuana Cultivation Facility licenses and 50% of the Medical Marijuana Research Cultivation Facility licenses to be awarded based upon a ranking using the following factors: site security, including capacity for ease of cultivation, experience with understanding the medicine and law surrounding the cultivation and use of medical marijuana, experience with agriculture, horticulture, health care and the cannabis market, and sufficient available capital to maximize probable success; acceptance in the site community; business plan for

Medical Marijuana Cultivation Facility licenses and business plan plus research plan for Medical Marijuana Research Cultivation Facility licenses; potential for positive economic impact in the site community and maintaining competitiveness in the marijuana for medical use marketplace. In ranking applicants and awarding licenses, the Research Board may consult with or contract other public agencies with relevant expertise regarding these factors. The Research Board may lift or ease any limit on the number Medical Marijuana Cultivation Facilities and Medical Marijuana Research Cultivation Facilities to meet the demand for medical marijuana by qualifying patients and research.

iii. Marijuana must be grown indoors in an enclosed, locked facility: a room, warehouse or greenhouse, or other enclosed area equipped with locks or other security devices that permit access only by authorized personnel, meeting the Research Board standards and industry standards for safety and safe use of electricity.

iv. Upon request to the Research Board, state institutions of higher education governed by sections 174.020 to 174.500 Revised Statutes of Missouri and chapter 172 Revised Statutes of Missouri shall be granted, without charge, up to one (1) medical marijuana research cultivation facility license per institution per year to grow marijuana.

v. Upon request to the Research Board by an entity operating under authority of section 10 of this Article XIV, the Research Board may grant, without charge, up to one (1) medical marijuana research cultivation facility license to a total of no more than ten (10) such entities for purposes of researching the benefits of medical marijuana for various presently incurable diseases.

vi. Initial applications for licenses shall be accepted beginning no more than seven (7) months after the effective date of this Article. The initial application period shall remain open for ninety (90) days.

vii. After the initial application period, when one or more licenses become available, the opening shall be published on the Research Board's website for ninety (90) days, at the close of which an additional application period of ninety (90) days shall immediately commence.

(d) Subject to the limitations within this Article a person who is a Missouri resident for three or more years, or entity that is registered to do business in the State of Missouri and owned at least seventy percent (70%) or more by three year or longer duration Missouri residents, may apply for and obtain a license to operate a Medical Marijuana Dispensary Facility in Missouri. Such person or entity may apply to the Research Board for and obtain a yearly Medical Marijuana Dispensary Facility license to sell marijuana or marijuana-infused/extraction products for medical use within a county or city not within a county. Each such license shall be taxed at an initial rate of $25,000 for the first year per license (which must be by money order, cashier's check, or other means as determined by the Research Board and accompany the application and will be returned if the application is unsuccessful) and then annually at $10,000 per license upon renewal, with such rates to be increased or decreased each year by the percentage of increase or decrease of the Consumer Price Index (CPI), or successor index as published by the U.S. Research Board of Labor or its successor agency.

i. No more than five (5) Medical Marijuana Dispensary Facility licenses shall be issued to or possessed by any one individual, group of individuals, or entity(s) under substantially common control, ownership, or management, whether directly, indirectly or by derivative, nor shall such one individual, group of individuals, or entity ever possess more than fifty percent (50%) of the licenses for a given county or city not within a county.

ii. When there are more applications for licenses than are available, in total or for particular locations, except as stated in 4(d)ii.a, licenses shall be on the basis of a three prong test established by the board, 1) knowledge of pharmacy and ability to have a pharmacist available for consultation to qualifying patients purchasing marijuana, 2) knowledge of medicine and medical research, and 3) competitive bids (such bids must be by money order, cashier's check, or other means as determined by the Research Board, and accompany the application and will be returned if the bid is unsuccessful), with licenses awarded to the individual, individuals or entities with the highest score. Such bids shall be made in a manner prescribed by the Research Board to avoid disclosure of bid amounts to competing bidders during the bidding process.

a. The Research Board may set aside up to 50% of the Medical Marijuana Dispensary Facility licenses to be awarded based upon a ranking using the following factors: knowledge of pharmacy, knowledge of neuroscience and marijuana interactions, site security, experience with understanding the medicine and law surrounding the use of medical marijuana, experience with retail pharmacy, health care and the cannabis market, business plan, and sufficient available capital to maximize probable success; acceptance in the site community; potential for positive economic impact in the site community and maintaining competitiveness in the marijuana for medical use marketplace. In ranking applicants and awarding licenses, the Research Board may consult with or contract other public agencies with relevant expertise regarding these factors.

iii. Initial applications for licenses shall be accepted beginning no more than seven (7) months after the effective date of this Article. The initial application period shall remain open for ninety (90) days.

iv. After the initial application period, when one or more licenses become available, the opening shall be published on the Research Board's website for ninety (90) days, at the close of which an additional application period of ninety (90) days shall immediately commence.

(e) Subject to the limitations within this Article a person who is a Missouri resident for three or more years, or entity that is registered to do business in the State of Missouri and owned at least seventy percent (70%) or more by three year or longer duration Missouri residents, may apply for and operate a Medical Marijuana-Infused/Extraction Products Manufacturing Facility in Missouri. Such person or entity may apply to the Research Board for and obtain a yearly Medical Marijuana-Infused/Extraction Manufacturing Products Facility

a license to buy marijuana from Medical Marijuana Cultivation Facility or Medical Marijuana Research Cultivation Facility and sell medical marijuana-infused/extracted products to a Medical Marijuana Dispensary Facility. Each such license shall be taxed at an initial rate of $20,000 for the first year per license (which must be by money order, cashier's check, or other means as determined by the Research Board and accompany the application and will be returned if the application is unsuccessful) and then annually at $10,000 per license upon renewal, with such rates to be increased or decreased each year by the percentage of increase or decrease of the Consumer Price Index (CPI), or successor index as published by the U.S. Research Board of Labor or its successor agency.

i. No more than five (5) Medical Marijuana-Infused/Extraction Products Manufacturing Facility licenses shall be issued to or possessed by any one individual, group of individuals, or entity(s) under substantially common control, ownership, or management, whether directly, indirectly or by derivative, nor shall such one individual, group of individuals, or entity ever possess more than fifty percent (50%) of the licenses for a given county or city not within a county.

ii. When there are more applications for licenses than are available, except as stated in 4(e)ii.a, licenses shall be on the basis of competitive bids (such bids must be by money order, cashier's check, or other means as determined by the Research Board, and accompany the application and will be returned if the bid is unsuccessful), with licenses awarded to the highest bidder. Such bids shall be made in a manner prescribed by the Research Board to avoid disclosure of bid amounts to competing bidders during the bidding process.

a. The Research Board may set aside up to 50% of the Medical Marijuana Dispensary Facility licenses to be awarded based upon a ranking using the following factors: site security, experience with understanding the medicine and law surrounding the use of medical marijuana, experience with retail pharmacy, health care and the cannabis market, business plan, and sufficient available capital to maximize probable success; acceptance in the site community; potential for positive economic impact in the site community and maintaining competitiveness in the marijuana for medical use marketplace. In ranking applicants and awarding licenses, the Research Board may consult with or contract other public agencies with relevant expertise regarding these factors.

iii. Initial applications for licenses shall be accepted beginning no more than seven (7) months after the effective date of this Article. The initial application period shall remain open for ninety (90) days.

iv. After the initial application period, when one or more licenses become available, the opening shall be published on the Research Board's website for ninety (90) days, at the close of which an additional application period of ninety (90) days shall immediately commence.

(f) A qualifying patient must obtain annually a qualifying patient identification card from the Research Board and shall be taxed at an annual rate of $100 per issuance, with such rate to be increased or decreased each year by the percentage of increase or decrease of the Consumer Price Index (CPI), or successor index as published by the U.S. Board of Labor or its successor agency. Upon application for a qualifying patient identification card, the Research Board must, within thirty (30) days, provide either the card or a written explanation for its denial of the card. It shall not be grounds for denial that use of medical marijuana is not approved under federal law.

(g) A designated primary caregiver must obtain annually a designated primary caregiver identification card from the Research Board for each designated qualifying patient and shall be taxed at an annual rate of $100 per issuance, with such rate to be increased or decreased each year by the percentage of increase or decrease of the Consumer Price Index (CPI), or successor index as published by the U.S. Board of Labor or its successor agency. Upon application for a designated primary caregiver identification card, the Research Board must, within thirty (30) days, provide either the card or a written explanation for its denial of the card. It shall not be grounds for denial that use of medical marijuana is not approved under federal law.

(h) Marijuana in Missouri for retail sale may only be sold by a licensed Medical Marijuana Dispensary Facility.

(i) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused/Extraction Products Manufacturing Facility shall assign, sell, give, lease, sublease, or otherwise transfer its license to any other individual or entity for at least five (5) years from the time of the initial application by the licensee, and then not without the express consent of the Research Board, not to be unreasonably withheld. Licenses are transferable upon death by will or inheritance.

(j) No taxes or fees shall be imposed on the sale of medical marijuana except as provided in this Article.

(k) In event subsection (j) of this section 4, immediately above, is found unconstitutional, the taxes imposed pursuant to this section are separate from and in addition to any general state and local sales and use taxes that apply to retail sales of tangible personal property.

(l) All revenues collected from the taxes imposed on the sale of marijuana pursuant to this section must be deposited in the Biomedical Research and Drug Development Institute Trust Fund. All revenues and taxes collected from the issuance of licenses to Medical Marijuana Cultivation Facilities, Medical Marijuana Research Cultivation Facilities, Medical Marijuana-Infused/Extraction Products Manufacturing Facilities, and Medical Marijuana Dispensary Facilities, except as provided elsewhere in this Article XIV, must likewise be deposited in the Biomedical Research and Drug Development Institute Trust Fund.

Section 5. Trust Fund

(a) The "Biomedical Research and Drug Development Institute Trust Fund" is hereby established in the state treasury. Within the Biomedical Research and Drug Development Institute Trust Fund shall be the following accounts which include but are not necessarily limited to:

i. General Purpose Account;
ii. Land Acquisition Account;
iii. Targeted Diseases Account and its sub-accounts; and
iv. Section 10 Account.

(b) Except for repayment of bonds under this Section 5, subsection b, which shall be paid first, at the conclusion of each fiscal year, the state treasurer shall allocate all monies in the Biomedical Research and Drug Development Institute Trust Fund that are not otherwise in an account to the Research Board for disbursement and investment as directed in this section. During the first five (5) years, the monies shall be deposited 50% into the General Purpose Account, 25% into the Land Acquisition Account and 25% into the targeted disease account. Thereafter the Research Board shall direct the percentage of money to be deposited into each account. Monies deposited in the fund shall include but are not limited to the designated funds received from sections 4, 5 and 10 of Article XIV, money transferred from the Research Board and any other amounts which may be received from grants, gifts, devises, bequests, contributions, donations, and money from contracts, from the state or federal government, derivative of intellectual property rights, or any other source. Monies in the fund shall be used solely for the purposes established by this Article XIV.

(c) Monies deposited into the General Purpose Account shall be used for research, presently incurable diseases, targeted diseases, building and construction, the campus, cures, endeavors, jobs, payment and compensation for jobs, administrative expenses, and education in Missouri pursuant to the performed pursuant to this Article XIV. Up to 10% of the annual General Purpose Account may be allocated by the Board to various universities in the State of Missouri with accredited medical or pharmacy schools, or currently existing at the time of passage of this Article XIV independently accredited medical or pharmacy schools within the State of Missouri, for collaborative efforts pursuant to section 10 of Article XIV, and to the development of secondary campuses in Missouri at these in-state universities with accredited medical schools and pharmacy schools, plus up to a further 5% annually maybe allocated for research purposes to various such universities who have developed, or have in the past 12 months before passage of this Article XIV been actively taking steps to develop, including but not limited to providing classes that will count as credit for, graduate programs in biomedical engineering and neuroscience. Additionally, up to 10% more of the General Purpose Account may be allocated by the Research Board to various joint collaborative in-Missouri/non-Missouri research efforts pursuant to section 10 of Article XIV, and up to 2% more of the General Purpose Account may be allocated by the Research Board as grants to Missouri local law enforcement agencies to assist with costs associated with medical marijuana law enforcement and safety.

(d) Monies deposited into the Land Acquisition Account shall be used for Land Acquisition and Land Development. The Land Acquisition Account may receive specific designated grants, gifts, devises, bequests, contributions, donations, and money from contracts, from the state or federal government, derivative of intellectual property rights, or any other source, and such specific designated monies shall be segregated for the Land Acquisition and Land Development, not commingled with other money.

(e) Monies deposited into the Targeted Diseases Account shall be used for research performed by targeted disease research groups, targeted diseases research building and construction, targeted disease research jobs, ancillary activities of the research groups and for support of the research of targeted diseases research groups as set forth in this Article XIV. Individual targeted diseases groups may receive specific designated grants, gifts, bequests, contributions, donations, and money from contracts, from the state or federal government, derivative of intellectual property rights, or any other source, and such specific designated monies shall be segregated into targeted disease sub accounts for that individual targeted disease group, not commingled with other money, and shall be used only for the purposes of that research group.

(f) Except where specifically stated otherwise, all administrative costs, expenses, jobs and compensation for duties performed and incurred under this Article XIV and by the Research Board shall be paid from the General Purpose Account of this fund.

(g) The unexpended balance existing in the fund and any of its accounts at the end of any biennium year shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.

(h) All monies deposited in the Biomedical Research and Drug Development Institute Trust Fund and its accounts shall remain separate and apart from the general revenue of the State of Missouri and shall be used only for the purposes of this Article XIV. Monies in the Biomedical Research and Drug Development Institute Trust Fund shall be first used to repay bonds and any other form of indebtedness, if any, issued by the Board for the purposes authorized by Article XIV. The unexpended balances of such monies shall remain in the Biomedical Research and Drug Development Institute Trust Fund and in the particular account in which the monies are placed, and such balances shall not revert to the general revenue fund.

(i) To maintain transparency, each year the Research Board shall publish the itemized income and expenses from the fund and its accounts in a report made available on the Research Board's website using general accepted accounting principles.

Section 6. Land Acquisition.

(a) It is expressly directed and permitted that within the Research Board shall be established a subcommittee known as the Land Acquisition Board. Such subcommittee members shall not receive any additional pay. The Land Acquisition Board shall consist of five individuals, four members of the Research Board selected by the Article XIV Coordinator and the fifth member being the Article XIV Coordinator. The members of the Land Acquisition Board selected by the Article XIV Coordinator shall serve the following initial terms: one shall serve two years, one shall serve three years, and two shall serve four years. Thereafter, each appointment shall be for a term of four years. If for any reason a vacancy occurs, the Article XIV Coordinator shall appoint a new member from within the Research Board to fill the unexpired term. Members are eligible for reappointment. Before the appointments by way of the nonpartisan commission that will fill the Research Board and then in turn the Land Acquisition Board, the Article XIV Coordinator shall appoint four temporary members of the Land Acquisition Board, who may or may not be members of the then existing Research Board, who together shall be the "then existing Land Acquisition Board" and shall have the power and duties of the Land Acquisition Board. Those temporary members shall serve at the same rate as Research Board members so long as there are funds available. If no funds are immediately available, the members may serve with deferred compensation until funds are available and when funds become available the members shall be paid for time served from appointment, and reasonable expenses incurred to effectuate their duties.

(b) The Land Acquisition Board shall make investigations, inquiries, studies and review data to identify no more than five but no less than three potential locations for land development and Land Acquisition and for a campus.

(c) The Land Acquisition Board shall have the authority to promulgate any necessary and supportive rules, regulations and procedures to fulfill its duties and authorized activities under this Article XIV, by and through the Research Board.

(d) The Land Acquisition Board shall report an overview of activities and status of the Land Acquisition Board to the Research Board no less than once every one hundred and twenty days.

(e) No earlier than one year after the Land Acquisition Board is formed, and no later than four years after it is formed, the Land Acquisition Board shall submit a report of final proposed locations for a campus and designated on maps for each proposed location. Such maps shall be drawn, by lines of longitude and latitude or by use of historical boundaries such as state lines, rivers, long standing thoroughfares, and county or city boundaries. The final dimensions and geographic inclusions of the land for campus development, which shall at a minimum include the inner one contiguous square mile, layered by additional increments at two, four, nine, sixteen, twenty five and thirty six contiguous square miles, with thirty six being the maximum that could be purchased pursuant to this Article XIV for campus development, will be determined by the Land Acquisition Board. The proposed locations of the campus and maps must be approved by 2/3 of the Research Board, or if the Research Board is not yet formed then by a unanimous vote of the then-existing Research Board members and the consent of the Governor.

(f) Upon approval pursuant to section 6 subsection (e) in the next general election more than 6 months after the section 6 subsection (e) approval occurs, voters of the affected county or counties, shall have a "yes" or "no" vote on whether they desire to allow the land to be acquired and the campus developed, along with its building and construction and Article XIV activities, on the proposed location that is within their respective county. Maps that include more than one county shall be designated a multi-county map, and the votes of all affected counties within the multi-county map shall be counted as though one county.

(g) The proposed campus location county which receives the most votes by percentage of votes cast, in the respective proposed campus location counties, shall be the approved campus development site.

(h) The question presented to voters pursuant to Section 6, subsection (f) shall be in the following format:

> Shall a campus for research, development, building and construction, jobs, cures and education in Missouri for endeavors to find cures for incurable diseases, and all that entails under Article XIV of the Missouri Constitution, be built on the proposed campus development site that includes the county in which I live and will result in land, in and around the vicinity set forth on the Biomedical Research and Drug Development Institute Map below, being affected, and/or purchased from the landowners:
>
> Yes _____ No
>
> [map here]

The amount to be acquired shall be a minimum of one square mile of contiguous property, but otherwise limited only by purchasing funds to a maximum of thirty six contiguous square miles.

(i) As funds become available, the Land Acquisition Board shall have authority to negotiate, acquire, and purchase property for the research campus. The Land Acquisition Board may use any and all legal means to acquire and purchase such property for the campus.

(j) The amount to be acquired for the campus shall be a minimum of one square mile of contiguous property, but otherwise limited only by purchasing funds to a maximum of thirty six square miles of contiguous property. The final dimensions and geographic inclusions of the land for campus development, which shall at a minimum include the inner one contiguous square mile, will be determined by the Land Acquisition Board.

(k) The Land Acquisition Board shall begin acquiring land by purchasing land, as outlined in this section of Article XIV, six (6) months after the general election referenced in section 6(f), takes place, or as soon thereafter as practicable. The purchasing shall proceed in a manner consistent with reasonable campus development.

(l) Clerical, research and general administrative support staff for the Land Acquisition Board shall be provided wages or salaries by the Land Acquisition Account. The Research Board, and the then existing Land Acquisition Board members until the Research Board members are all appointed and fill the Land Acquisition Board, shall have the authority to employ, hire, fire and set wages for all clerical, research and general administrative support staff for the Land Acquisition Board and to fulfill its functions under this Article XIV.

(m) The Land Acquisition Board, until the board is terminated and its powers and duties then transferred to the Research Board, may establish a land use plan and set aside up to twenty five percent of the acquired land for enterprise zones, housing and parks and recreational activities within the campus. Such land, at the Research Board's discretion, may be leased but not purchased from the Research Board.

(n) By unanimous vote of the Land Acquisition Board, upon the final payment for land made, or on January 1, 2028, whichever occurs first, the Land Acquisition Board shall terminate and all powers and duties shall transfer to the Research Board, including but not limited to all those powers and duties under this section 6.

Section 7. Immunities.

(a) Upon passage of this Article XIV, and beginning with its effective date, the use of medical marijuana by a qualifying patient with a valid physician certification shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this Article XIV. Pending rules for, and issuance of, Qualifying Patient Identification Cards, the use of medical marijuana by a qualifying patient with a valid Physician Certification only, shall be valid in place of the Qualifying Patient Identification Card.

(b) A Medical Marijuana Dispensary Facility may sell medical marijuana or medical marijuana-infused products/extractions to a qualifying patient or designated primary caregiver upon production of a valid qualifying patient identification card or designated primary caregiver identification card, respectively and shall not be subject to criminal or civil liability or sanctions under Missouri law except as provided for by this Article XIV.

(c) Medical marijuana cultivation, transportation, storage, infusion and extraction of products, and sale pursuant to this Article XIV is hereby legal, and shall not be subject to criminal or civil liability or sanctions under Missouri law except as provided for by this Article XIV.

(d) The possession of marijuana, in quantities less than the monthly limit established by the Research Board, shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that a valid qualifying patient identification card, a designated primary caregiver identification card, or the equivalent issued to a non-Missouri resident by another state or political subdivision of another state that is that non-Missouri resident's place of residency, is produced upon demand.

(e) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri State Board of Registration for the Healing Arts, or other agency, for issuing a physician certification or recommending the use of Medical Marijuana to a person diagnosed with a qualifying medical condition in a manner consistent with this Article.

(f) A health care provider, including but not limited to any pharmacist, shall not be subject to professional discipline, or to criminal or civil liability or sanctions under Missouri law, for providing health care services that involve the medical use of marijuana consistent with this Article.

(g) A designated primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing or administering marijuana for medical use by a qualifying patient in a manner consistent with this Article. No individual shall serve as the designated primary caregiver for more than three (3) qualifying patients at one time.

(h) Actions and conduct by a Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility or a Medical Marijuana-Infused/Extraction Products Manufacturing Facility, licensed and registered with the Research Board, or employees of such facilities, pursuant to and as permitted by this Article and in compliance with Research Board regulations, shall not be subject to criminal or civil liability or sanctions relating to marijuana under Missouri law except as provided for by this Article.

i. A Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility or Medical Marijuana-Infused Product Manufacturing Facility who allows any license under this Article to lapse or expire through failure to timely renew or reapply for such license shall still be subject to the protections of this Article, provided the licensee obtain a valid license within ninety (90) days of the date of the lapse or expiration of the prior license and pay all fines called for in this Article.

ii. A Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility or Medical Marijuana-Infused/Extraction Products Manufacturing Facility who allows any license under this Article to lapse or expire through failure to timely renew or reapply for such license shall be subject to and must pay a fine of $5,000 if a valid license is obtained within ninety (90) days of the lapse or expiration of the prior license.

(i) There shall be no immunities for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat, under the influence of marijuana, and except as specifically set out in this Article the use of marijuana shall not be a defense to any civil liability or criminal activity.

(j) Missouri attorneys providing legal advice or representation relative to this Article XIV shall not be subject to professional discipline, or to criminal or civil liability or sanctions under Missouri law for providing such legal advice or representation.

(k) Patient information under this Article shall be afforded the same protection and confidentiality under the law as other patient medical information.

(l) No patient shall be denied access to medical care or priority for an organ transplant because they hold a qualifying patient identification card or use marijuana for medical use.

(m) No patient shall be denied Medicaid or other medical insurance or other governmental benefits because they hold a qualifying patient identification card or use marijuana for medical use.

(n) No testing laboratory shall be subject to civil or criminal prosecution, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this Article XIV and otherwise meeting legal standards of professional conduct.

(o) No health care provider shall be subject to mandatory reporting requirements for the medical use of marijuana by non-emancipated qualifying patients under eighteen years of age in a manner consistent with this Article XIV and with consent of a parent or guardian.

(p) Subject to provisions to the contrary within this Article XIV, any individual acting within the scope of this Article XIV shall not be subject to professional discipline, or to criminal or civil liability or sanctions under Missouri law for actions authorized within this Article XIV.

Section 8. Legislation.

(a) Nothing in this Article shall limit the legislature from enacting laws consistent with this Article, or otherwise effectuating this Article, but the legislature shall not be allowed to enact laws to hinder the effectiveness of this Article or otherwise alter this Article. Except as specifically provided in this Article, nothing in this Article shall limit the authority of a municipality or county under its land planning and zoning regulations to restrict the location, but not the number of or presence in a municipality or county of Medical Marijuana Cultivation Facilities, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facilities or Medical Marijuana-Infused/Extraction Products Manufacturing Facilities.

(b) No elected official shall interfere directly or indirectly with the Research Board's obligations and activities under this Article XIV.

Section 9. Limitations and Other Provisions.

(a) Nothing in this Article permits a person to:

i. Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; or

ii. Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana; or

iii. Bring a claim against any employer, former employer or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer or prospective employer prohibiting the employee, former employee or prospective employee from being under the influence of marijuana while at work or disciplining the employer or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana; or

iv. Consume, smoke, or use marijuana in a jail, prison, or other correctional facility; or

v. Consume, smoke, or use marijuana in a drug rehabilitation facility; or

vi. Consume, smoke, or use marijuana in a hospital or medical facility without a hospital or facility's consent; or

vii. Consume, smoke or use marijuana in a public place, including specifically, but not limited to, sidewalks, parks, playgrounds, sporting facilities, businesses, airports, bus stations, trains, casinos, government buildings, churches, synagogues or mosques; or

viii. Undertake growing or processing marijuana in a negligent or dangerous manner.

(b) A physician certification may only be given after the physician has conducted a full assessment of the patient's medical history and an in-person physical examination. A physician certification may be valid for up to twenty four (24) months.

(c) No Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility or Medical Marijuana-Infused/Extraction Products Manufacturing Facility shall be owned, in whole or in part, or have as an officer, director, board member, manager or employee, any individual who has been convicted of a felony. However, the Research Board may on a case by case basis find an exception based upon letters of recommendation and proof of rehabilitation by community service and lack of subsequent convictions if:

i. The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

ii. The person's conviction was for a non-violent crime for which the person was not incarcerated in the Missouri Department of Corrections, or its equivalent in other jurisdictions, that is more than ten (10) years old; or

iii. The person's conviction was for a non-violent crime for which the person was incarcerated in the Missouri Department of Corrections, or its equivalent in other jurisdictions, that is more than fifteen (15) years old; provided that at least five (5) years has elapsed since that person's release from incarceration.

(d) A Medical Marijuana Cultivation Facility and Medical Marijuana Research Cultivation Facility shall not be owned or controlled, in whole or in part, by any person who has not been a resident of Missouri for at one year prior to the date of the Medical Marijuana Cultivation Facility's application.

(e) No marijuana or medical marijuana-infused product may be brought into the State of Missouri from outside of the state for use, sale, distribution, or otherwise.

(f) No Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility or Medical Marijuana-Infused/Extraction Products Manufacturing Facility shall manufacture, package or label marijuana or marijuana-infused products in a false, misleading or confusing manner or in any manner likely to cause confusion between the marijuana or marijuana-infused product and any product not containing marijuana.

(g) All edible marijuana-infused product must be sold in individual child-resistant re-closeable containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products must be sold in containers clearly and consciously labeled, in a font size at least as large as the largest other font size used on the package, as containing "Marijuana," or a "Marijuana-Infused/extraction Product." The product itself must additionally be imprinted with the conspicuous lettering "THC", when practicable. A label of at least 12 point bold font must be used alerting patients if processed or packed with nuts or allergens, or in a facility where nuts or other allergens are processed or used.

(h) No poisonous or deleterious substances shall be added to any marijuana or marijuana-infused/extracted product. Doing so shall be punishable by law as established by the State of Missouri.

(i) It shall be the responsibility of the Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility and Medical Marijuana-Infused/Extraction Products Facility to provide each subsequent person or entity in the stream of commerce a listing of all substances used in the growth and processing of marijuana, other than soil, water, and seed. All Marijuana sold for approved methods, in addition to other labels required by this Article XIV, subject to modification by the Research Board, shall be labeled or include the following information on package inserts, in at least 8 point type:

i. "GOVERNMENT WARNING: THIS PACKAGE CONTAINS MARIJUANA, A CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. MARIJUANA MAY ONLY BE CONSUMED BY A QUALIFYING PATIENT WITH A QUALIFYING PATIENT IDENTIFICATION CARD. MARIJUANA USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF MARIJUANA IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. DO NOT USE WHEN OPERATING A MOTOR VEHICLE OR DANGEROUS MACHINERY. THE INTOXICATING EFFECTS OF INGESTED MARIJUANA PRODUCTS MAY BE DELAYED UP TO TWO HOURS."

ii. For packages containing only dried flower, the net weight of marijuana in the package.

iii. Identification of the source and date of cultivation, the type of marijuana, or for marijuana infused products the date of manufacturing and packaging.

iv. The appellation of origin, if any.

v. List of pharmacologically active ingredients, by percentage, including, but not limited to, tetrahydrocannabinol (THC), cannabidiol (CED), and other cannabinoid content, the THC and other cannabinoid amount in milligrams per serving, servings per package, and the THC and other cannabinoid amount in milligrams for the package total, and the potency of the marijuana or marijuana product by reference to the amount of tetrahydrocannabinol and cannabidiol in each serving.

vi. For marijuana infused products, a list of all ingredients and disclosure of nutritional information.

vii. A list of any solvents, nonorganic pesticides, herbicides, and fertilizers that were used in the cultivation, production, and manufacture of such marijuana or marijuana product.

viii. A warning if nuts or other known allergens are used in the product, or place of processing or sale.

(j) No Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility or Medical Marijuana-Infused/Extraction Products Manufacturing Facility shall assign, sell, give, lease, sublicense, or otherwise transfer its license to any other facility, person, or entity except as provided in this Article XIV.

(k) This Article XIV shall not be construed as requiring health insurance companies to provide coverage for medical marijuana use.

(l) No new license shall be granted to any Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility or Medical Marijuana-Infused/Extraction Products Manufacturing Facility that is located within one thousand feet of any then-existing school, group day care home, child day care center, church, synagogue or mosque.

(m) A physician:

i. shall not issue physician certifications for the use of medical marijuana exceeding twenty five percent (25%) of the number of prescriptions written by that physician in the same calendar year; and

ii. shall not have an income from treating qualifying patients with primarily medical marijuana exceeding twenty five percent (25%) of the physician's gross income.

(n) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by Qualifying Patients, Designated Primary Caregivers, Medical Marijuana Cultivation Facilities, Medical Marijuana Research Cultivation Facilities, Medical Marijuana-Infused/Extraction Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by Qualifying Patients, Designated Primary Caregivers, Medical Marijuana Research Cultivation Facility, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused/Extraction Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this Article XIV, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.

(o) Marijuana cultivation of all types must occur indoors in an enclosed, locked facility: a warehouse, room, greenhouse, or other enclosed area equipped with locks or other security devices that permit access only by authorized personnel, Research Board requirements, and meeting industry standards for safety and safe use of electricity.

(p) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this Article XIV shall not be subject to asset forfeiture solely because of that use.

(q) The Research Board may require Medical Marijuana Dispensary Facility to have, on call during all operating hours, an individual licensed in Missouri to the practice of pharmacy as defined in Chapter 338 of the Revised Statutes of Missouri who is available for on-site or telephone consultation within thirty (30) minutes.

Section 10. Public-Private Collaborative Ventures.

(a) The Research Board may enter into leases of property owned or to be acquired by the Research Board on the campus with participating research entities for building and construction, jobs, education, research to find cures, and in such endeavors enter into contracts for joint ventures and collaborative efforts and to find cures and treatments for presently incurable diseases and targeted diseases and to develop cures that may be discovered, improved or patented, in whole or part, and lease property for reasonable campus development and pursuant to this Article XIV.

(b) Any participating research entities, whether public, private, quasi-public or quasi-private, which develops cures or treatments which occurs in whole or part, directly or indirectly, by having its presence on the Biomedical Research and Drug Development Institute campus or in participation by written agreement with the Research Board, shall pay to the Biomedical Research and Drug Development Trust Fund – Section 10 Account an agreed upon contractual amount but if no contract has been entered into as to an amount, then the greater of three percent of all gross revenues or seventeen percent of all profits derived from the participating research entities cures or treatments, whether such monies were produced, earned, derivative, interest or otherwise received. All contracts when practicable shall be published on the Research Board's website at least 14 calendar days before any contract is finalized and published again after the contract is finalized.

(c) The Research Board may, along with or in conjunction with the participating research entity, or other entities, or on its own, make, produce, develop, market, distribute, license, and sell cures, goods, services and products, both of a medical and non-medical nature.

(d) All participating research entities shall establish a physical presence in Missouri, be licensed to do business in the State of Missouri and consent to jurisdiction of Missouri courts, and all contracts shall be governed by Missouri law.

(e) Participating research entities shall not provide anything of value to any member of the Research Board or their employees that could influence academic or research freedom, or otherwise interfere with the academic or research freedom of any member of the Research Board, nor to targeted disease groups or panels. Participating research entities who violate this prohibition shall have leases voided, and shall surrender all profits derived from the participating cures and treatments produced, earned or received, to the State of Missouri, and shall be liable for any actual and consequential damages and in appropriate circumstances also punitive damages, to the Research Board with all such damage awards being credited to the Biomedical Research and Drug Development Trust Fund – Section 10 Account.

(f) Any monies received pursuant to this section 10 shall be paid into the Biomedical Research and Drug Development Institute Trust Fund – Section 10 Account and annually disbursed by the following formula:

i. Fifty percent (50%) to the Biomedical Research and Drug Development Institute Trust Fund General Purpose Account;

ii. Twenty-five percent (25%) to general revenue of the State of Missouri with

a) 1/4 of this 25% for the exclusive purpose of funding Missouri state roads and bridges infrastructure repairs,

b) 1/4 of this 25% for the exclusive purpose of funding public pre-school programs, public elementary and secondary school programs, and to provide grants to in-state Missouri students to attend state institutions of higher education governed at the time of the enactment of this Article XIV by sections of 174.020 to 174.500 Revised Statutes of Missouri and chapter 172 Revised Statutes of Missouri., and

c) 1/4 of this 25% for the exclusive purpose of funding medical care for Missouri residents;

d) 1/4 of this 25% to fund Missouri public employee retirement trust funds; and

iii. Twenty-five percent (25%) to be refunded to Missouri state income tax paying citizens, refunded equally to all citizens of Missouri who have paid state income taxes of more than five hundred dollars ($500) or more in the year prior to the payments being received by the Research Board pursuant to this section 10, up to the total amount of state income tax paid by such Missouri citizen in that year. Any residual amounts above and beyond the tax refund shall be paid equally to all Missouri state income tax paying Missouri residents. The refund check to Missouri citizens shall clearly state "Research Board Tax Refund".

(g) All contracts entered into pursuant to this section 10 and this Article XIV shall require that any cures obtained pursuant to section 10 and this Article XIV shall be made available to the residents of the State of Missouri at cost, with no mark-up.

Section 11. Effective Date.

(a) The provisions of this Article shall become effective on December 31, 2018.

Section 12. Severability.

(a) All of the provisions of this Article, all sections, all subsections and all clauses and phrases shall be self-enforcing. All of the sections, subsections, provisions, clauses, phrases, and words within them are severable. If any of the sections, subsections, provisions, clauses, phrases, or words within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted, the remaining sections, subsections, provisions, clauses, phrases, or words within them shall be and remain valid. If any appointment or selection pursuant to this Article, except 3(k)i-iii., are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted, the appointment and selection, subject to any valid qualification requirement, shall be made by the Governor with the consent of a majority of the Senate. If all appointments or selections pursuant to 3(k)i-iii. are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted, the appointment and selection, subject to any valid qualification requirement, shall be made by the Governor with the consent of a majority of the Senate.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-041)

Subject

Initiative petition from Bradley Bradshaw regarding a proposed constitutional amendment to Article XIV of the Constitution of Missouri. (Received November 22, 2016)

Date

December 12, 2016

Description

This proposal would amend Article XIV of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri State University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University, Truman State University,** and the **Lieutenant Governor's Office**.

Brad Bradshaw provided information as a proponent of the proposal to the State Auditor's office.

Officials from the **Attorney General's office** indicated this proposal creates a Biomedical Research and Drug Development Institute, governed by a Research Board. The Board has the duty to promulgate numerous rules regarding licensure of a minimum of four separate types of facilities, some to have not less than 50 licenses and one to have not less than 400 licenses. The Board has the power to sue and be sued, to issue contracts and own property, and licensure actions are subject to hearings by Administrative Hearing Commission and judicial review. Though not explicit in the proposal, they assume it would be tasked with representation of the Board and Institute, and assumes it would need 2 AAGs to handle the increased workload, resulting in increased operating expenses of $139,474 for FY2018; $150,610 for FY2019; and $152,155 for FY2020.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there is no impact to their department as a result of this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department, but it could have an impact on the colleges and universities in the state. That being said, the statutory references to colleges and universities found in 4(c)iv and 10(f)iib) (sections 174.020 to 174.500 Revised Statutes of Missouri and chapter 172 Revised Statutes of Missouri) exclude Truman State University (174.600), Lincoln University (175), State Technical College of Missouri (178.631), and all the community colleges (163.191; 178.770-890).

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated fiscal impact of ($11,229) in fiscal year 2019, ($35,262) in fiscal year 2020, and ($67,160) in fiscal year 2025 and thereafter .

Results of studies at this time show conflicting results on the criminal impacts of current medical marijuana laws. However, with the increased licensing and regulation there are also increased possibilities of secondary crimes through false physician recommendations, non-compliance in registration, illegal possession, vehicular infractions or injury, and theft. While many of these violations may carry only municipal or licensing level penalties, some would ultimately fall under felony charges.

Current laws provide for class C felony penalties for possession (Section 195.202) and class B felony for distribution and production of controlled substances (Section 195.211). Considering additional increases in related violations, proposed changes in this bill are expected to result in one new class B felony serving two years in prison and five years parole, one class C felony serving one year in prison with four years parole, and two new probations serving three years.

In addition, this proposal would be impactful to their department in that they currently test their staff for marijuana use and discipline accordingly. If their staff were to live in a household, or visit another person, who is legally using medical marijuana they would then be exposed to second-hand smoke and would likely test positive themselves. There would be no way for them to determine which of their staff are innocently exposed from those who are abusing this substance illegally.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated the total estimated costs for salaries, fringe benefits, and expense and equipment will be $381,017 for fiscal year 2018, $266,174 for fiscal year 2019, and $268,867 for fiscal year 2020, which includes information technology (IT) related costs of $150,012 for fiscal year 2018, $30,752 for fiscal year 2019, and $31,521 for fiscal year 2020 for IT consultants. First year implementation costs are estimated at $186,418, which includes the $150,012 IT costs.

This legislation creates additional employment opportunities by establishing cultivation facilities, research cultivation facilities, dispensary facilities, and manufacturing facilities.

The passage of this amendment creates an unknown positive impact to the Biomedical Research and Drug Development Institute Trust Fund.

Section 4 - Licensure, Taxation and Reporting
This petition imposes a “cultivation tax” on wholesale sales by cultivation and research cultivation facilities to products manufacturing and dispensary facilities. This tax is:

Flowers	$9.25 per dry-weight ounce
Leaves	$2.75 per dry-weight ounce

This section also imposes a 15 percent tax on the retail sale of marijuana infused/extraction products sold by dispensary facilities. The dispensary collects the tax and remits it to their department within 30 days of the retail sale. The seller must also

provide their department with a copy of the receipt or be subject to a $100 per occurrence penalty.

The legislation requires all revenues collected from taxes imposed by this section be deposited into the Biomedical Research and Drug Development Institute Trust Fund. This legislation becomes effective December 31, 2018 after approval by the voters of Missouri in November 2018, which may not be sufficient time for their department to fully implement the provisions of this section.

Administrative Impact:

Business Tax Processing:
If their department is required to administer the tax, their department will need to track who remitted the tax and how much tax was remitted. This would be a new tax for their department to administer and would require new reporting forms and a new program to track and distribute receipts. This will include establishing a new tax type within the Integrated Tax System, including registration, accounting, billing, refunding, correspondence, forms, rules, and testing, Their department will require communication from the Research Board in regards to who is licensed to remit tax. There does not appear to be any penalty provisions, other than the penalties regarding copies of receipts, for late remittance of the tax. It appears the refund provision will only go into effect if any monies are received under Section 10.

Business Tax Processing requires two (2) Revenue Processing Technicians I (Range 10, Step L) for data entry, pre-edit, and error correction.

Collections & Tax Assistance:
The Business Tax Registration section will see additional registrations, file maintenance, and customer contacts due to this legislation. The Delinquent Call Center will see additional customer contacts from billings and non-files returns. The section requires one (1) Revenue Processing Technician I (Range 10, Step L) for every 13,200 additional contacts and one (1) Tax Collection Technician I (Range 10, Step L) for every 15,000 contacts on the delinquent tax line. Each technician requires CARES equipment and license.

If their department is required to generate the refund to taxpayers and handle phone calls pertaining to the refund, the section also requires one (1) Tax Collection Technician I (Range 10, Step L) for every 15,000 contacts on the non-delinquent tax line. This technician also requires CARES equipment and license.

Corporate/Excise Tax:
Their department would have to develop forms for the reporting of this tax from the Marijuana Dispensary Facility to their department and would have to develop procedures to implement and enforce the penalty provision. Their department is not responsible for issuing the licenses. Their department would need to work with the Board of Biomedical

Research and Drug Development Institute to determine those entities that were prohibited to obtaining a future license.

Officials from the **Department of Public Safety - Office of Director and the Division of Alcohol and Tobacco Control** each indicated they see no fiscal impact due to this petition.

Officials from the **Missouri State Highway Patrol** indicated they anticipate no fiscal impact.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated the Governor would be responsible for appointing several positions to the Board of Biomedical Research and Drug Development. They should be able to complete these appointments with no additional costs.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** (OA) indicated:

This proposal authorizes the creation of facilities to cultivate, research, and sell medical marijuana and medical marijuana products. The proposal would also create application and licensing fees for those facilities as well as a fee for patients and caregivers approved to purchase medical marijuana. There would be a tax levied on the wholesale of flowers and leaves to dispensaries and a 15 percent retail tax. All application fees, license fees, and taxes would be deposited in the Biomedical Research and Drug Development Institute Trust Fund. This proposal would not impact Total State Revenues or the calculation under 18(e) as these would be voter approved fees and taxes.

B&P determined that Arizona has a similar medical marijuana law in terms of illnesses that qualify for treatment. Based on this similarity, B&P was able to base some estimates for Missouri from trends seen in Arizona since medical marijuana was approved in 2012.

If approved, the newly created Article XIV would be effective December 31, 2018. All license application and application forms must be available by June 2019. However, the Research Board is not required to accept application until April 2019 at the earliest and August 2019 at the latest. For the purposes of this fiscal note, B&P assumes that the Research Board will not be prepared to accept applications until after June 2019. Therefore, any fiscal impacts would occur in FY 2020 or later.

Table 1 shows the creation of medical marijuana facilities by type. The proposal states that no less than 50 medical marijuana cultivation facility licenses, 50 medical marijuana – infused/extraction products manufacturing facility licenses, and 400 medical marijuana research cultivation facility licenses are to be granted. In addition, for medical marijuana dispensary facilities, there shall be 2 licenses per 20,000 residents per county or 2 licenses if the resident population is smaller than 20,000. The board or local governments may further restrict any licenses granted.

Table 1: Number of Allowable Facilities by Type

Facility Type	Limit	Facility Count
cultivation facilities	minimum of 50	50
research cultivation facilities	minimum of 400	400
infused/extraction products manufacturing facilities	minimum of 50	50
dispensary facilities	between 2 and 2 per 20,000 residents per county, whichever is greater	650

Without further information, B&P assumes that local governments are not granted license restrictions and the minimum number of licenses for each facility type is granted.

The proposal establishes an annual application fee based on the type of facility. Medical marijuana cultivation facilities, infused/extraction manufacturing facilities and dispensaries must pay $25,000 for their initial application, while the initial application fee for research cultivation facilities is $5,000. In subsequent years, all facilities renewing their application must pay a fee equal to 125% of the pro rata estimated average yearly cost to the Research Board of administration over a five-year period and divided equally among all applicants based on the number of estimated applicants over that five-year period. The Research Board is to estimate the costs and pro rata amount. B&P does not have enough information to estimate the application renewal cost. Therefore, Table 2 shows the revenue generated from the initial facility applications.

Table 2: Application Revenue by Facility Type per Fiscal Year

Facility Type	Revenue Generated by Application Fees*		
	FY 2020	FY 2021**	FY 2022**
cultivation facilities	$1,250,000	$195,000	$195,000
research cultivation facilities	$ 2,000,000	$15,000	$15,000
infused/extraction products manufacturing facilities	$1,250,000	$24,000	$24,000
dispensary facilities	$16,250,000	$15,000	$15,000

**B&P was unable to estimate the 5 year pro rata board costs to be charged as a per year license fee*

***Assumes that 1.2% of facility licenses change hands per year*

B&P used information from the Arizona Department of Health Services to determine that, on average, 1.2% of businesses close per year. B&P further assumed that new facilities would apply for any open licenses, and thus be subject to the initial application fee.

The proposal also requires initial and annual license fees to be paid by facilities, patients, and caregivers. The fee for patients and caregivers is $100 per year. Cultivation facilitates are to pay $25,000 as an initial license fee and then $15,000 per year thereafter. The initial license fee for research cultivation facilities is $10,000 and then $5,000 per year thereafter. Infused/Extraction manufacturing facilities must pay $20,000 as an initial license fee and then $10,000 annually thereafter. The initial license fee for dispensaries is $25,000 and then $10,000 annually thereafter. All renewal license fees may be adjusted for inflation. Table 3 shows the revenue from the license fees by type of license.

Table 3: License Fees by Patient and Facility Type

Patient and Facility Type	Revenue Generated by License Fees		
	FY 2020	FY 2021*	FY 2022*
patients and caregivers**	$4,186,000	$4,743,000	$6,686,000
cultivation facilities	$16,250,000	$6,682,000	$6,812,000
research cultivation facilities	$1,250,000	$764,000	$778,000
infused/extraction products manufacturing facilities	$4,000,000	$2,044,000	$2,084,000
dispensary facilities	$1,000,000	$511,000	$521,000

**Assumes 2% inflation*

***Assumes growth similar to that seen in the medical marijuana program in Arizona*

B&P used the same methodology for facility license fee renewals as for application fees. The estimates above assume a 1.2% turnover rate for businesses, which would then be subject to the initial license fee beyond FY 2020.

The proposal also requires a wholesale cultivation tax on all marijuana sold from a cultivation facility or research cultivation facility to either an infused/extracted manufacturing facility or a dispensary. The wholesale tax is equal to $9.25 per ounce of marijuana flowers sold or $2.75 per ounce of marijuana leaves sold. B&P does not have enough information to determine the distribution of leaves and flowers sold; therefore, a range is provided based on the sale of all flowers or all leaves. In addition to the wholesale tax, a retail tax of 15% is to be charged on the purchase price paid by final consumers. Table 4 shows the revenue generated by the wholesale cultivation tax and the retail tax.

Table 4: Cultivation and Sales Taxes

Tax	Revenue Generated by License Fees		
	FY 2020	FY 2021	FY 2022
cultivation wholesale tax	$1,019,000 to $3,428,000	$1,529,000 to $5,142,000	$1,529,000 to $5,142,000
retail tax	$15,573,000	$23,359,000	$23,359,000

B&P estimates that this proposal will increase revenues to the Biomedical Research and Drug Development Institute Trust Fund by $64.0 to $66.5 million in FY2020, $39.9 to

$43.5 million if FY 2021, and $42.0 to $45.6 million in FY 2022 and thereafter. Table 5 shows the total impact to the Trust Fund.

Table 5: Total Impact

Impact by Fund	FY 2020	FY 2021	FY 2022
Biomedical Research and Drug Development Institute Trust Fund	$64,027,000 to $66,463,000	$39,880,000 to $43,494,000	$42,018,000 to $45,631,000

The Department of Revenue is given additional responsibilities to collect, which could result in a fiscal impact for that agency. The Department of Health and Senior Services could also have additional duties which could result in a fiscal impact for that agency.

Section 3 directs bond proceeds to the Research and Drug Development Institute Trust Fund, but does not specifically assign repayment of debt to a particular account. B&P assumes it would be the General Purpose Account. Section 5(c) lists allowable uses for the General Purpose Account and debt service for bonds is not specifically mentioned as an allowable use. This presents the question of how the bonds are to be repaid.

Section 10 allows the Research Board to enter into public-private collaborative ventures and collect money from leasing Board owned property. All monies collected from this section are to be deposited in the Biomedical Research and Drug Development Trust Fund – Section 10 Account. This money is to then be disbursed with 50% going to the Biomedical Research and Drug Development Trust Fund – General Purpose Account, 25% to Missouri General Revenue, and 25% being refunded to Missouri citizens that paid Missouri income tax in the previous year. The money deposited into General Revenue will further be split with one-fourth going to fund state roads and bridges, one-fourth to fund public education, one-fourth to fund medical care of Missouri residents, and one-fourth to fund public employee trust funds. This provision will impact TSR by an unknown amount; however, it will not impact the calculations under 18(e).

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so

that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated:

Public Health
The only potential impact in this area concerns inspecting facilities selling food products infused with marijuana. The amendment is vague regarding this issue. It says the research board will regulate the facilities, but their public health department has authority in state law and local ordinance to enter and inspect any facility selling food, and to require a local permit to do so. Theoretically, there would be no net cost since the permit fees should cover their expenses. Perhaps the amendment's authors do not intend for them to be in those facilities conducting inspections, but that is beyond the discussion of fiscal impact.

City Electric and Water Service
They do not see any burdens for either the electric or water utilities that may arise if this is successful.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition should not have a fiscal impact on local government.

Officials from **University of Missouri** indicated the University of Missouri Health Care (MUHC) has reviewed the proposed initiative petition and determined that the fiscal impact should not exceed $100,000 annually.

Officials from the **Lieutenant Governor's Office** indicated they anticipate that this initiative petition will impose little to no costs or savings on their office.

Officials from **Missouri State University** indicated no financial impact.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Brad Bradshaw provided the following information as a proponent of this initiative petition.

Submitted by:

_____

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Article XIV Medical Marijuana Research Board Initiative – Version 18-041

Proposed Statement of Fiscal Impact
for Article XIV Medical Marijuana Research Board Initiative – Version 18-041

Fiscal Impact Information Submitted Pursuant to Section 23.140.2

The amendment's estimated state revenue is $67.1 million from application fees, license taxes, and sales taxes. The additional funds are for the Biomedical Research and Drug Development Institute Trust Fund. No state general revenue, other state funds, or local revenue are estimated as the petition precludes other fees and taxes.

ESTIMATED NET EFFECT ON STATE FUNDS		
Fund Affected	**FY 2017**	**FY 2018**
General Revenue	$0	$0
Total Estimated Net Effect on All State Funds	$0	$67,136,265
ESTIMATED NET EFFECT ON LOCAL FUNDS		
Local Funds	$0	$0
Total Estimated Net Effect on All Local Funds	$0	$0

ANALYSIS OF FISCAL IMPACT
Article XIV Medical Marijuana Research Board Initiative – Version 18-001

The fiscal impact analysis contained herein focuses on estimating the fee and tax revenue resulting from the constitutional amendment proposed in the initiative petition. Table 1 summarizes the revenue estimated by source and by fiscal year. Page and Table numbers are provided to help readers find specific subjects.

Table 1 - Summary of Fees, License Taxes, and Sales Tax Revenue

Page #	Table #	Purpose	FY 2019	FY 2020
6	Table 5	Medical Marijuana Cultivation Facilities	$0	$2,500,000
7	Table 6	Medical Marijuana Research Cultivation Facilities	$0	$6,000,000
8	Table 7	Medical Marijuana Infused/Extraction Products Manufacturing Facilities	$0	$2,250,000
9-14	Table 11	Medical Marijuana Dispensary Facilities	$0	$22,500,000
15-19	Table 16	Qualifying Patient and Designated Primary Caregiver Identification Cards	$0	$12,409,700
20-23	Table 20	Wholesale tax	$0	$3,180,100
24	Table 21	15% retail sales tax	$0	$18,296,465
		Total Biomedical Research and Drug Development Institute Trust Fund	$0	$67,136,265

Implementation dates required by the petition

Table 2 below identifies the implementation dates prescribed in the petition. All fiscal estimates in this analysis assume that the provisions and deadlines of the petition will be met as required.

TABLE 2 - DEADLINES	
11/6/2018	Election Day - Voter Approval
12/31/2018	Effective date of constitutional amendment per Section 11 (a) of the petition.
90 days after effective date of constitutional amendment	
3/31/2019	If practicable, the Research Board shall make available to the public the license application forms and application instructions for Medical Marijuana Cultivation Facilities, Medical Marijuana Research Cultivation Facilities, Medical Marijuana Dispensary Facilities, and Medical Marijuana-Infused/Extraction Products Manufacturing Facilities - Section 3(z).
3/31/2019	If practicable, the Research Board shall make available to the public the license application forms and application instructions for qualifying patient and primary caregiver identification cards - Section 3(aa).
120 days after effective date of constitutional amendment	
4/30/2019	If practicable, the Board shall begin accepting applications for qualifying patient ID cards and Primary Caregiver ID cards - Section 3 (aa)
6 months after effective date of constitutional amendment	
6/30/2019	Latest date allowed that the Research Board shall make available the public license application forms and application instructions for Medical Marijuana Cultivation Facilities, Medical Marijuana Research Cultivation Facilities, Medical Marijuana Dispensary Facilities, and Medical Marijuana-Infused/Extraction Products Manufacturing Facilities - Section 3(z).
6/30/2019	Latest date the Research Board shall make available to the public the license application forms and application instructions for qualifying patient and primary caregiver identification cards - Section 3(aa).
7 months after effective date of constitutional amendment	
7/31/2019	Initial applications for licenses shall be accepted beginning no later than 7 months after the effective date. Section 4(c)vi for Medical Marijuana Cultivation Facilities and Medical Marijuana Research Cultivation Facilities. Section 4(d)iii for Medical Marijuana Dispensary Facilities. Section 4(e)iii for Medical Marijuana-Infused/Extraction Products Manufacturing Facilities.
10/29/2019	Initial application period closes 90 days after the 7 months after the effective date for licenses for Medical Marijuana Cultivation Facilities and Medical Marijuana Research Cultivation Facilities - Section 4(c)vi. Section 4(d)iii for Medical Marijuana Dispensary Facilities and Section 4(e)iii for Medical Marijuana-Infused/Extraction Products Manufacturing Facilities.
Undetermined	When one or more Medical Marijuana Dispensary Facility licenses becomes available after the initial application period there shall be a 90 day notice of another application period which will last 90 days. Section 4(c)vi. Section 4(d)iii for Medical Marijuana Dispensary Facilities and Section 4(e)iii for Medical Marijuana-Infused/Extraction Products Manufacturing Facilities.
8 months after effective date of constitutional amendment	
8/31/2019	Latest date for Board to begin accepting applications for qualifying patient ID cards and patient caregiver ID cards.

Various Medical Marijuana Facilities

Four facility types are authorized in the proposal. Table 3 shows the number of licenses that are required or allowed and local government's authority to impact that number.

Table 3 - Restrictions on Authorized Facilities

Facility type	Limits
MO Medical Marijuana Cultivation Facility	Section 3(r) - may restrict to not less than 50 licenses. Local government can ask for an increase or decrease from their number.
MO Medical Marijuana Research Cultivation Facility	Section 3(r) - may restrict to not less than 400 licenses. Local government can ask for an increase or decrease from their number.
MO Medical Marijuana Infused/Extraction Products Manufacturing Facility	Section 3(p) - shall restrict to not less than 50 licenses. Local government can ask for an increase or decrease from their number.
MO Medical Marijuana Dispensary Facility	Section 3(q) - shall restrict to 2 for every 20,000 inhabitants. Local government can ask for an increase or decrease from their number.

For each facility type there are specific application fees and taxes on licenses. In addition, there are fines for failure to meet renewal deadlines. Table 4 shows a schedule of the revenue to be derived from each. Section 4(i) states that "No taxes or fees shall be imposed on the sale of medical marijuana except as provided in the Article." Therefore, no state general revenue, other state funds, or local revenue are estimated as the petition precludes other fees and taxes.

Table 4 - Application Fees, Licenses, and Fines for Facilities

	Application Fee		Tax on license		Fines
Facility type	Year 1	Other years	Year 1	Other years	
MO Medical Marijuana Cultivation Facility	$25,000 - Section 3 (n)	Section 3 (n) -125% of the pro-rata estimated average yearly cost to the Research Board of administering and enforcing the act, estimated over a 5 year period	Section 4 (c)i.a - $25,000 returned if application is unsuccessful.	Section 4 (c)i.a - $15,000 upon renewal	Section 7(h)ii - $5,000 fine if license lapses or expires through failure to timely renew or reapply if the license is obtained within 90 days of the lapse
MO Medical Marijuana Research Cultivation Facility	$5,000 - Section 3 (n)	Section 3 (n) -125% of the pro-rata estimated average yearly cost to the Research Board of administering and enforcing the act, estimated over a 5 year period	Section 4 (c)i.b - $10,000 returned if application is unsuccessful.	Section 4 (c)i.b - $5,000 upon renewal	Section 7(h)ii - $5,000 fine if license lapses or expires through failure to timely renew or reapply if the license is obtained within 90 days of the lapse
MO Medical Marijuana Infused/Extraction Products Manufacturing Facility	$25,000 - Section 3 (n)	Section 3 (n) -125% of the pro-rata estimated average yearly cost to the Research Board of administering and enforcing the act, estimated over a 5 year period	Section 4 (e) - $20,000 returned if application is unsuccessful.	Section 4 (e) - $10,000 upon renewal	Section 7(h)ii - $5,000 fine if license lapses or expires through failure to timely renew or reapply if the license is obtained within 90 days of the lapse
MO Medical Marijuana Dispensary Facility	$25,000 - Section 3 (n)	Section 3 (n) -125% of the pro-rata estimated average yearly cost to the Research Board of administering and enforcing the act, estimated over a 5 year period	Section 4 (d) - $25,000 returned if application is unsuccessful.	Section 4 (d) - $10,000 upon renewal	Section 7(h)ii - $5,000 fine if license lapses or expires through failure to timely renew or reapply if the license is obtained within 90 days of the lapse

Medical Marijuana Cultivation Facilities

The proposal defines and permits the operation of Medical Marijuana Cultivation Facilities. As shown in Table 3 the Research Board may restrict to not less than 50 licenses. No upper limit is established on the number of such facilities that can be licensed. The Research Board is required by Section 3(n) of the proposal to charge an initial one-time non-refundable application fee of $25,000 for the first year license and $25,000 in taxes on the license.

The estimate in Table 5 below assumes:

- The Research Board will initially limit the number of Medical Marijuana Cultivation Facilities to the minimum number allowed (50) under the proposal. In the initial years of operation this would enable the Research Board to conservatively allow it to meet its minimum constitutional requirements as it begins its operations and provide time to assess and report on the success of the program before further expansion which is beyond the two-year timeline covered by the Auditor's Office. It is assumed that the Research Board issues all 50 licenses and will collect both the application fee and the tax on the license for each.
- While local governments can request a decrease in the number of facilities in their jurisdiction, it is assumed that the Research Board will still meet the minimum number required.
- Table 2 shows that the Research Board must make application forms available by six months after the effective date of December 31, 2018. This fiscal analysis assumes that the Research Board will take the maximum time allowed to ensure that the applications forms and all rules and regulations are in place before issuing the forms. Therefore, the first revenue from application fees will be deposited beginning after July 1, 2019 in FY 2020.
- No license fees or taxes are assumed for the annual license required for the second year of the license which will occur in FY 2021 for licenses first issued in 2020.
- Since application fees are non-refundable an additional $25,000 will be collected from any applicant that is ultimately refused a license. For example, a 10% refusal rate would mean 5 applications would pay the $25,000 non-refundable fee yet be rejected which would generate an additional $125,000 that is not calculated into this revenue estimate.

The total revenue in application fees and license taxes generated in FY 2020 from the minimum number of facilities that is required is $2,500,000 including:

- $1,250,000 in one-time non-refundable application fees
- $1,250,000 in license taxes

Table 5 - Medical Marijuana Cultivation Facilities

Assumptions	**FY 2019**	**FY 2020**
	Applications - forms not required before 6/30/19	Applications Completed during the year
Total applications assuming minimal number approved by Research Board	0	50
Total licenses approved by Research Board	0	50
Revenues	**Amount**	**Amount**
One-time non-refundable application fee of $25,000	$0	$1,250,000
First year tax on license of $25,000	$0	$1,250,000
Total application fees and license taxes at minimum # of licensees	$0	$2,500,000

Medical Marijuana Research Cultivation Facilities

The proposal defines and permits the operation of Medical Marijuana Research Cultivation Facilities. As shown in Table 3 the Research Board may restrict to not less than 400 licenses. No upper limit is established on the number of such facilities that can be licensed. The Research Board is required by Section 3(n) of the proposal to charge an initial one-time non-refundable application fee of $5,000 for the first year license, and $10,000 in taxes on the license.

The estimate in Table 6 below assumes:

- The Research Board will initially limit the number of Medical Marijuana Research Cultivation Facilities to the minimum number allowed (400) under the proposal. In the initial years of operation this would enable the Research Board to conservatively allow it to meet its minimum constitutional requirements as it begins its operations and provide time to assess and report on the success of the program before further expansion which is beyond the two-year timeline covered by the Auditor's Office. It is assumed that the Research Board issues all 400 licenses and will collect both the application fee and the tax on the license for each.
- While local governments can request a decrease in the number of facilities in their jurisdiction, it is assumed that the Research Board will still meet the minimum number required.
- Table 2 shows that the Research Board must make application forms available by six months after the effective date of December 31, 2018. This fiscal analysis assumes that the Research Board will take the maximum time allowed to ensure that the applications forms and all rules and regulations are in place before issuing the forms. Therefore, the first revenue from application fees will be deposited beginning after July 1, 2019 in FY 2020.
- No license fees or taxes are assumed for the annual license required for the second year of the license which will occur in FY 2021 for licenses first issued in 2020.
- Since application fees are non-refundable an additional $5,000 will be collected from any applicant that is ultimately refused a license. For example, a 10% refusal rate would mean 40 applications would pay the $5,000 non-refundable fee yet be rejected which would generate an additional $200,000 that is not calculated into this revenue estimate.

The total revenue in application fees and license taxes generated in FY 2020 from the minimum number of facilities that is required is $6 million including:

- $2 million in one-time non-refundable application fees
- $4 million in license taxes

Table 6 - Medical Marijuana Research Cultivation Facilities

Assumptions	**FY 2019**	**FY 2020**
	Applications - forms not required before 6/30/19	Applications Completed during the year
Total applications assuming minimal number approved by Research Board	0	400
Total licenses approved by Research Board	0	400
Revenues	**Amount**	**Amount**
One-time non-refundable application fee of $5,000	$0	$2,000,000
First year tax on license of $10,000	$0	$4,000,000
Total application fees and license taxes at minimum # of licensees	$0	$6,000,000

Medical Marijuana Infused/Extraction Products Manufacturing Facilities

The proposal defines and permits the operation of Medical Marijuana Infused/Extraction Products Manufacturing Facilities. As shown in Table 3 the Research Board may restrict to not less than 50 licenses. No upper limit is established on the number of such facilities that can be licensed. The Research Board is required by Section 3(n) of the proposal to charge an initial one-time non-refundable application fee of $25,000 for the first year license and $20,000 in taxes on the license.

The estimate in Table 7 below assumes:

- The Research Board will initially limit the number of Medical Marijuana Infused/Extraction Products Manufacturing Facilities to the minimum number allowed (50) under the proposal. In the initial years of operation this would enable the Research Board to conservatively allow it to meet its minimum constitutional requirements as it begins its operations and provide time to assess and report on the success of the program before further expansion which is beyond the two-year timeline covered by the Auditor's Office. It is assumed that the Research Board issues all 50 licenses and will collect both the application fee and the tax on the license for each.
- While local governments can request a decrease in the number of facilities in their jurisdiction, it is assumed that the Research Board will still meet the minimum number required.
- Table 2 shows that the Research Board must make application forms available by six months after the effective date of December 31, 2018. This fiscal analysis assumes that the Research Board will take the maximum time allowed to ensure that the applications forms and all rules and regulations are in place before issuing the forms. Therefore, the first revenue from application fees will be deposited beginning after July 1, 2019 in FY 2020.
- No license fees or taxes are assumed for the annual license required for the second year of the license which will occur in FY 2021 for licenses first issued in 2020.
- Since application fees are non-refundable an additional $25,000 will be collected from any applicant that is ultimately refused a license. For example, a 10% refusal rate would mean 5 applications would pay the $25,000 non-refundable fee yet be rejected which would generate an additional $125,000 that is not calculated into this revenue estimate.

The total revenue in application fees and license taxes generated in FY 2020 from the minimum number of facilities that is required is $2,250,000 including:

- $1,250,000 in one-time non-refundable application fees
- $1,000,000 in license taxes

Table 7 - Medical Marijuana Infused/Extraction Manufacturing Products Facilities

Assumptions	**FY 2019**	**FY 2020**
	Applications - forms not required before 6/30/19	Applications Completed during the year
Total applications assuming minimal number approved by Research Board	0	50
Total licenses approved by Research Board	0	50
Revenues	**Amount**	**Amount**
One-time non-refundable application fee of $25,000	$0	$1,250,000
First year tax on license of $20,000	$0	$1,000,000
Total application fees and license taxes at minimum # of licensees	$0	$2,250,000

Medical Marijuana Dispensary Facilities

The proposal defines and permits the operation of Medical Marijuana Dispensary Facilities. As shown in Table 3 the Research Board may restrict to not less than two for every 20,000 inhabitants in a county. No upper limit is established on the number of such facilities that can be licensed. The Research Board is required by Section 3(n) of the proposal to charge an initial one-time non-refundable application fee of $25,000 for the first year license, and $25,000 in taxes on the license.

The estimate in Table 8 is calculated at the maximum number of dispensary licenses. Table 11 then discounts these numbers based on the number of counties that would ask for a reduced allotment of dispensaries, where the population is small and may not economically support multiple dispensaries, and the experience from other states.

Table 8 assumes:

- The Research Board will issue the maximum number of 600 dispensary licenses per the petition in FY 2020 as calculated in the table.
- While local governments can request a decrease in the number of facilities in their jurisdiction, it is assumed that the Research Board will still meet the maximum number allowed.
- Table 2 shows that the Research Board must make application forms available by six months after the effective date of December 31, 2018. This fiscal analysis assumes that the Research Board will take the maximum time allowed to ensure that the applications forms and all rules and regulations are in place before issuing the forms. Therefore, the first revenue from application fees will be deposited beginning after July 1, 2019 in FY 2020.
- No license fees or taxes are assumed for the annual license required for the second year of the license which will occur in FY 2021 for licenses first issued in 2020.
- Since application fees are non-refundable an additional $25,000 will be collected from any applicant that is ultimately refused a license. For example, a 10% refusal rate would mean 60 applications would pay the $25,000 non-refundable fee yet be rejected which would generate an additional $1.5 million that is not calculated into this revenue estimate.
- That all counties with 20,000 or fewer inhabitants will have two dispensaries.
- That a county must reach the next multiple of 20,000 population before it receives two additional dispensaries. Thus, there is a round down not a round up of the calculation. For example, Barry County had a population of 35,597 in 2010. Since it does not reach two multiples (40,000 population) it is eligible for only two dispensaries. Similarly, at less than 60,000, 80,000, 100,000 etc. population a county would be held to 4, 6, and 8 dispensaries.

The total revenue generated from the application fees and license taxes for 600 dispensaries, assuming that all application fees and license taxes are deposited in FY 2020, is $30 million including:

- $15 million in one-time non-refundable application fees
- $15 million in license taxes from the first year's annual license tax

Table 8 - Missouri Population - 2010 Census
Medical Marijuana Dispensary Facilities at 2 per every 20,000 inhabitants

County	2010 Census Total Population	# Dispensaries - 2 for every 20,000 population	One-time non-refundable application fee of $25,000	Annual License tax of $25,000	Total fees and taxes at 2 per every 20,000 population
Adair	25,607	2	$50,000	$50,000	$100,000
Andrew	17,291	2	$50,000	$50,000	$100,000
Atchison	5,685	2	$50,000	$50,000	$100,000
Audrain	25,529	2	$50,000	$50,000	$100,000

Barry	35,597	2	$50,000	$50,000	$100,000
Barton	12,402	2	$50,000	$50,000	$100,000
Bates	17,049	2	$50,000	$50,000	$100,000
Benton	19,056	2	$50,000	$50,000	$100,000
Bollinger	12,363	2	$50,000	$50,000	$100,000
Boone	162,642	16	$400,000	$400,000	$800,000
Buchanan	89,201	8	$200,000	$200,000	$400,000
Butler	42,794	4	$100,000	$100,000	$200,000
Caldwell	9,424	2	$50,000	$50,000	$100,000
Callaway	44,332	4	$100,000	$100,000	$200,000
Camden	44,002	4	$100,000	$100,000	$200,000
Cape Girardeau	75,674	6	$150,000	$150,000	$300,000
Carroll	9,295	2	$50,000	$50,000	$100,000
Carter	6,265	2	$50,000	$50,000	$100,000
Cass	99,478	8	$200,000	$200,000	$400,000
Cedar	13,982	2	$50,000	$50,000	$100,000
Chariton	7,831	2	$50,000	$50,000	$100,000
Christian	77,422	6	$150,000	$150,000	$300,000
Clark	7,139	2	$50,000	$50,000	$100,000
Clay	221,939	22	$550,000	$550,000	$1,100,000
Clinton	20,743	2	$50,000	$50,000	$100,000
Cole	75,990	6	$150,000	$150,000	$300,000
Cooper	17,601	2	$50,000	$50,000	$100,000
Crawford	24,696	2	$50,000	$50,000	$100,000
Dade	7,883	2	$50,000	$50,000	$100,000
Dallas	16,777	2	$50,000	$50,000	$100,000
Daviess	8,433	2	$50,000	$50,000	$100,000
DeKalb	12,892	2	$50,000	$50,000	$100,000
Dent	15,657	2	$50,000	$50,000	$100,000
Douglas	13,684	2	$50,000	$50,000	$100,000
Dunklin	31,953	2	$50,000	$50,000	$100,000
Franklin	101,492	10	$250,000	$250,000	$500,000
Gasconade	15,222	2	$50,000	$50,000	$100,000
Gentry	6,738	2	$50,000	$50,000	$100,000
Greene	275,174	26	$650,000	$650,000	$1,300,000
Grundy	10,261	2	$50,000	$50,000	$100,000
Harrison	8,957	2	$50,000	$50,000	$100,000
Henry	22,272	2	$50,000	$50,000	$100,000
Hickory	9,627	2	$50,000	$50,000	$100,000
Holt	4,912	2	$50,000	$50,000	$100,000
Howard	10,144	2	$50,000	$50,000	$100,000
Howell	40,400	4	$100,000	$100,000	$200,000
Iron	10,630	2	$50,000	$50,000	$100,000
Jackson	674,158	66	$1,650,000	$1,650,000	$3,300,000
Jasper	117,404	10	$250,000	$250,000	$500,000
Jefferson	218,733	20	$500,000	$500,000	$1,000,000
Johnson	52,595	4	$100,000	$100,000	$200,000
Knox	4,131	2	$50,000	$50,000	$100,000

Laclede	35,571	2	$50,000	$50,000	$100,000
Lafayette	33,381	2	$50,000	$50,000	$100,000
Lawrence	38,634	2	$50,000	$50,000	$100,000
Lewis	10,211	2	$50,000	$50,000	$100,000
Lincoln	52,566	4	$100,000	$100,000	$200,000
Linn	12,761	2	$50,000	$50,000	$100,000
Livingston	15,195	2	$50,000	$50,000	$100,000
McDonald	23,083	2	$50,000	$50,000	$100,000
Macon	15,566	2	$50,000	$50,000	$100,000
Madison	12,226	2	$50,000	$50,000	$100,000
Maries	9,176	2	$50,000	$50,000	$100,000
Marion	28,781	2	$50,000	$50,000	$100,000
Mercer	3,785	2	$50,000	$50,000	$100,000
Miller	24,748	2	$50,000	$50,000	$100,000
Mississippi	14,358	2	$50,000	$50,000	$100,000
Moniteau	15,607	2	$50,000	$50,000	$100,000
Monroe	8,840	2	$50,000	$50,000	$100,000
Montgomery	12,236	2	$50,000	$50,000	$100,000
Morgan	20,565	2	$50,000	$50,000	$100,000
New Madrid	18,956	2	$50,000	$50,000	$100,000
Newton	58,114	4	$100,000	$100,000	$200,000
Nodaway	23,370	2	$50,000	$50,000	$100,000
Oregon	10,881	2	$50,000	$50,000	$100,000
Osage	13,878	2	$50,000	$50,000	$100,000
Ozark	9,723	2	$50,000	$50,000	$100,000
Pemiscot	18,296	2	$50,000	$50,000	$100,000
Perry	18,971	2	$50,000	$50,000	$100,000
Pettis	42,201	4	$100,000	$100,000	$200,000
Phelps	45,156	4	$100,000	$100,000	$200,000
Pike	18,516	2	$50,000	$50,000	$100,000
Platte	89,322	8	$200,000	$200,000	$400,000
Polk	31,137	2	$50,000	$50,000	$100,000
Pulaski	52,274	4	$100,000	$100,000	$200,000
Putnam	4,979	2	$50,000	$50,000	$100,000
Ralls	10,167	2	$50,000	$50,000	$100,000
Randolph	25,414	2	$50,000	$50,000	$100,000
Ray	23,494	2	$50,000	$50,000	$100,000
Reynolds	6,696	2	$50,000	$50,000	$100,000
Ripley	14,100	2	$50,000	$50,000	$100,000
St. Charles	360,485	36	$900,000	$900,000	$1,800,000
St. Clair	9,805	2	$50,000	$50,000	$100,000
Ste. Genevieve	18,145	2	$50,000	$50,000	$100,000
St. Francois	65,359	6	$150,000	$150,000	$300,000
St. Louis	998,954	98	$2,450,000	$2,450,000	$4,900,000
Saline	23,370	2	$50,000	$50,000	$100,000
Schuyler	4,431	2	$50,000	$50,000	$100,000
Scotland	4,843	2	$50,000	$50,000	$100,000
Scott	39,191	2	$50,000	$50,000	$100,000

Shannon	8,441	2	$50,000	$50,000	$100,000
Shelby	6,373	2	$50,000	$50,000	$100,000
Stoddard	29,968	2	$50,000	$50,000	$100,000
Stone	32,202	2	$50,000	$50,000	$100,000
Sullivan	6,714	2	$50,000	$50,000	$100,000
Taney	51,675	4	$100,000	$100,000	$200,000
Texas	26,008	2	$50,000	$50,000	$100,000
Vernon	21,159	2	$50,000	$50,000	$100,000
Warren	32,513	2	$50,000	$50,000	$100,000
Washington	25,195	2	$50,000	$50,000	$100,000
Wayne	13,521	2	$50,000	$50,000	$100,000
Webster	36,202	2	$50,000	$50,000	$100,000
Worth	2,171	2	$50,000	$50,000	$100,000
Wright	18,815	2	$50,000	$50,000	$100,000
St. Louis city	319,294	30	$750,000	$750,000	$1,500,000
Missouri	**5,988,927**	600	$15,000,000	$15,000,000	$30,000,000

Source: Census 2000 - SF1 and 2010 P.L. 94-171
From Missouri Office of Administration,-Division of Budget and Planning website

However, while 600 dispensaries are authorized given the 2010 Missouri population there are several factors that will work to reduce the number. First, it is possible that some counties will want to limit the number of medical marijuana dispensary facilities. Second, such a facility may not open in every county due to the small number of inhabitants and the economics of businesses being viable in a small market. Missouri has 114 counties plus the City of St. Louis. Table 9 shows the number of authorized dispensaries and the amount of revenue generated by size of county. There are 26 counties with less than 10,000 in population. There are 34 counties with a population between 10,000 and 19,999. Thus, over half of the counties (52%) have populations less than 20,000 inhabitants. Table 9 shows that if no dispensary opened in counties with populations less than 10,000 in population the revenue loss would only be $2.6 million since the majority of dispensaries authorized by population are in areas with greater than 100,000 population.

Table 9 - Revenue from Medical Marijuana Dispensary Facilities by County Size

Missouri county populations	# of counties	% of counties	# of dispensaries	Revenue from dispensary application fees and license taxes
Less than 10,000 population	26	22.6%	52	$2,600,000
From 10,000 and 19,999	34	29.6%	68	$3,400,000
From 20,000 and 39,000	27	23.5%	54	$2,700,000
From 40,000 and 99,999	18	15.7%	92	$4,600,000
100,000 or greater	10	8.7%	334	$16,700,000
Total	115	100.0%	600	$30,000,000

Third, the number of dispensaries authorized by the formula may be more than the experience found in other states with medical marijuana. The states most like Missouri that also have medical marijuana laws are Oregon and Colorado. A number of the states restrict dispensaries to a small number. Other states have local registration, have a different distribution structure, or are too early in their operations to have approved dispensaries in part or in full.

Missouri's population is larger than both Colorado and Oregon. Table 10 shows the U.S. Census Bureau's population estimate for the three states. Table 10 also provides statistics on the need and demand for dispensaries as measured by the number of dispensaries per population in 2015 at the relatively early stages of implementation and per square mile. There were 515 dispensaries in Colorado in 2015 or 1 for every 10,400 people compared to Oregon's 345 dispensaries with 1 for every 11,508 people. This was not much difference in the number of people per dispensary. Colorado had one dispensary per every 201 square miles in the state compared to Oregon's one dispensary per every 278 square miles.

Based on Missouri's population it would have between 527 and 583 dispensaries if it has Oregon or Colorado levels of dispensaries per person. Based on Missouri square miles it would have between 248 and 343 dispensaries. If Missouri experience is at the mid-point of the Oregon and Colorado dispensaries per square mile it would have 287 dispensaries due its smaller geographic area. This calculation produces about half of the number of dispensaries as Table 8 which calculates 600 using the formula in the petition.

TABLE 10 - Estimating Missouri dispensaries from Colorado and Oregon dispensaries

			Missouri Estimates		
	Colorado	Oregon	at Colorado level	at Oregon level	if mid-point
Estimated 2014 population by U.S. Census Bureau	5,355,866	3,970,239	6,063,589	6,063,589	6,063,589
Square miles in state	103,718	95,997	68,886	68,886	68,886
1 dispensary per # population	10,400	11,508	10,400	11,508	10,954
# of dispensaries - 2015	515	345	583	527	554
1 dispensary per # sq. miles	201	278	201	278	240
# of dispensaries - 2015	515	345	343	248	287

The fourth limiting factor is the speed at which the Research Board and the industry proceed. The petition provides for a 90 day window for the initial application period for dispensaries (Section 4(d)iii). Additional 90 day application periods are preceded by a 90 day notice that additional licenses are available (Section 4(d)iv). This phased approach allows the Research Board to control the speed of implementation. This control should ensure that the Research Board obtains a more limited number of applications which it can process within the time limit constraints of license issuance. It also allows for the possibility of a more thorough evaluation of applications. In addition, the Research Board can ensure that the new dispensaries are allowed to become economically viable.

As noted earlier, the petition does not require that application forms be available until six months after the December 31, 2018 effective date which will be June 30, 2019. At the beginning of implementation Marijuana Cultivation Facilities and Marijuana Research Cultivation Facilities are essential to the

operational effects of the proposed petition. Until the cultivation facilities are licensed crop production cannot begin. In addition, even after licensing the facilities will need to be constructed. Once construction is complete a growing season needs to be completed before product is available in the Medical Marijuana Dispensary Facilities.

Fifth, the number of dispensaries authorized by the Research Board should be in sync with the number of qualifying patients to ensure that there are an adequate number of dispensaries for the demand that is generated. The estimates for the number of qualifying patients and designated primary caregivers are explained on pages 15-19 of this analysis. The Research Board must begin approving or denying ID cards no later than September 2019. Based on that analysis it is anticipated that 75% of the possible ID cards will be issued in FY 2020.

Therefore, for the purposes of this fiscal note it is assumed that 450 dispensaries will be licensed in FY 2020 or 75% the 600 authorized. This reflects that the dispensaries are likely to be open for sales for the second half of the year, the multiple application periods provided, the Colorado and Oregon experience and the expected number of qualifying patients. It is also well within the range found in Colorado and Oregon based on the number of dispensaries per square mile and the number of dispensaries per population based on their experience. This phased implementation will allow the Research Board to meet client demand but also conservatively assess it implementation.

Table 11 shows total of $22.5 million in application fees and license taxes are estimated for FY 2020. Additional growth in dispensaries and the revenue generated by application fees and license taxes are likely in FY 2021 but that is beyond the time period required by the Auditor's Office.

Table 11 - Medical Marijuana Dispensary Facilities

Assumptions	**FY 2019**	**FY 2020**
	Applications - forms not required before 6/30/19	Applications Completed during the year
Total applications assuming minimal number approved by Research Board	0	450
Total licenses approved by Research Board	0	450
Revenues	**Amount**	**Amount**
One-time non-refundable application fee of $25,000	$0	$11,250,000
First year tax on license of $25,000	$0	$11,250,000
Total application fees and license taxes at minimum # of licensees	$0	$22,500,000

Patient identification cards and caregiver cards

The proposal requires that the Research Board issue identification cards for qualifying patients and designated primary caregivers. No limit is established on the number of such cards that can be issued. However, a qualifying medical condition must be present as certified in accordance with the procedures outlined in the proposal. Table 12 identifies the two card types, the annual tax, and a reference for the provision in the petition.

Table 12 - Types of Identification Cards

Type Card	Reference and Amount
Qualifying Patient ID card	Section 4 (f) - Annual $100 per issuance increased or decreased by CPI
Designated Primary Caregiver ID card	Section 4 (g) - Annual $100 per issuance increased or decreased by CPI

The Research Board is required to charge an annual tax per year per card. The initial $100 identification card tax shall be increased or decreased by the percentage of increase or decrease in the Consumer Price Index.

In the fiscal notes prepared for medical marijuana bills considered by the Missouri General Assembly and initiative petitions over the past three years, the Department of Health and Senior Services has used Oregon's experience with patient identification cards and caregiver cards as a basis to estimate what might occur in Missouri. DHSS indicated that Oregon had similar ID card language and data was sufficiently available to derive a Missouri estimate. The states most like Missouri that have medical marijuana laws are Oregon and Colorado.

Qualifying patient cards

Table 13 provides information on the number of qualifying patient cards as of the end of FY 2014, FY 2015, and FY 2016 from Colorado and Oregon. In the first two years Colorado had about 113,500 cards which amounted to 2.1% of the population. The number and rate dropped slightly in 2016 possibly due to retail marijuana going into operation. In Oregon the number of cards grew from 64,838 to 72,517 and has decreased slightly in 2016. Oregon has a slightly lower percent of the population of 1.7% for the period. Missouri's population is larger than both Colorado and Oregon.

Table 13 shows that based on the U.S. Census Bureau's population estimates for the three states if the Missouri experience is:

- at Colorado's level we will have 123,731 qualifying patient cards.
- at Oregon's level we will have 102,937 qualifying patient cards
- at the mid-point of the Oregon and Colorado we would have 113,334 cards

Table 13 - Missouri Estimates of Qualifying Patients from Colorado and Oregon Experience

	Estimated 2015 population by U.S. Census Bureau	# of qualifying patient cards	% of population
Colorado			
2014	5,456,574	113,506	2.08%
2015	5,456,574	113,585	2.08%
2016	5,456,574	105,841	1.94%
Oregon			
2014	4,028,977	64,838	1.61%
2015	4,028,977	72,517	1.80%
2016	4,028,977	67,158	1.67%
Missouri			
At Colorado Level	6,083,672	123,731	2.03%
At Oregon Level	6,083,672	102,937	1.69%
At mid-point	6,083,672	113,334	1.86%

Designated Primary Caregiver cards

The Research Board is also responsible for issuing Designated Primary Caregiver identification cards under the provisions of the initiative petition. In its fiscal note on medical marijuana legislation considered by the General Assembly the DHSS used Oregon's experience as a model for its estimate due to the similar mandatory registration provisions. The DHSS has used the number of caregivers and adjusted for Missouri's larger population. In some cases it has also adjusted upward by a factor of 25% due to Missouri's higher chronic disease levels. No adjustment is being made in this fiscal analysis for Missouri's higher chronic disease levels.

Tables 14 and 15 use information from Oregon to estimate the number of Missouri caregiver identification cards. Table 14 shows that the number of Oregon caregiver cards in 2014, 2015, and 2016 amounted to about 0.8% of its population. Adjusting for Missouri's larger population would produce an estimated 49,625 Missouri designated primary caregiver ID cards.

Table 14 - Missouri Designated Primary Caregiver Cards using Oregon Rate

	Oregon 2014	Oregon 2015	Oregon 2016	Missouri estimate if at Oregon rate
Estimated 2014 population by U.S. Census Bureau	4,028,977	4,028,977	4,028,977	6,083,672
# of caregiver cards	32,796	35,864	29,934	49,625
% of population	0.81%	0.89%	0.74%	0.82%

Another way to look at the issue is to look at the rate of caregiver cards compared to the number of qualifying patient cards. Table 15 shows that Oregon caregiver cards were about 50% of the total of qualifying patient cards in 2014 but the rate has been dropping. Using the estimated number of Missouri qualifying patient cards calculated in Table 11, the number of designated primary caregiver cards would total 54,631 if it were 48.2% of the number of qualifying patient cards.

Table 15 - Missouri Designated Caregiver ID cards based on Oregon Experience

	Oregon 2014	Oregon 2015	Oregon 2016	Missouri estimate at Oregon average for care givers
Qualifying patient cards	64,838	72,517	67,158	113,334
Caregiver cards	32,796	35,864	29,934	54,631
Total Qualifying patient and Caregiver cards	97,634	108,381	97,092	167,965
% of caregiver cards to qualifying patients	50.58%	49.46%	44.57%	48.20%

Both Table 14 and Table 15 produce caregiver card numbers in approximately the same number. For purposes of this fiscal note the number of designated primary caregiver ID cards is 52,128, the average of the Table 14 and Table 15 estimates.

Summary of Fee Revenue from Qualifying Patient and Primary Caregiver identification cards
Table 16 estimates the number of qualifying patient and designated primary caregiver cards and the revenue generated in the first two years. The Research Board does not have to make application forms available until June 30, 2019. The latest date that the Research Board can begin accepting such applications is August 31, 2019 which is eight months after the effective date of the petition – Section 3(aa). This fiscal analysis assumes that the Research Board will take the maximum time allowed to ensure that the applications forms and all rules and regulations are in place before issuing the forms. The proposal requires that Research Board approve or deny applications within 30 days - Section 4(f). Therefore, the first revenue from ID card taxes is assumed to be deposited beginning after September 1, 2019 in FY 2020.

Qualifying patients and designated primary caregivers are likely to apply for identification cards closer to the time those facilities will be completed and medical marijuana becomes available for purchase. There are individuals that will want to be early in line for medical and legal reasons.

Section 4(f) and Section 4(g) requires that the Board provide a reason for any denial of an ID card. Section 3(f) provides that it is the duty of the Research Board to promulgate rules to effectuate the provisions of the petition. The rules authorized by Section 3(f), Section 3(i), and Section 3(j) will surely include some description of the reasons that the Research Board will use to deny ID cards. In some states the medical marijuana agency is required or allowed to identify the qualifying medical conditions for which individuals will receive ID cards. Under the provisions of Sections 3 and 4 it seems possible that the Research Board could pick a subset of the qualifying medical conditions identified in Section 2(z)bb for initial implementation. This would allow the Research Board to effectuate its research functions to determine the effectiveness of medical marijuana. The Research Board could add additional qualifying medical conditions over time. Such a process if it were to be used, could substantially reduce the number of qualifying patient ID cards and designated primary caregiver ID cards.

For this fiscal analysis, it is assumed that the Research Board will not limit the ID cards to a subset of the qualifying medical conditions. It is assumed that nine months of applications (September through May) will need to be accepted or rejected by the end of FY 2020. June 2020 applications do not have to be accepted or rejected until July 2020 in FY 2021.

Therefore, 75% of the possible population of qualifying patients and designated primary caregivers are projected to receive their ID cards in FY 2020. An additional one-fourth of the possible ID card population would be phased-in during FY 2021 which is beyond the time period covered by the State Auditor's fiscal note process.

The annual ID card tax is $100. This analysis does not assume identification card growth in the first two years. The petition requires increases or decreases in the annual fee based on CPI changes. However, no inflation/deflation calculation is included in this analysis.

Table 16 estimates that there will be 124,097 qualifying patients (85,001) and designated primary caregiver (39,096) cards issued in FY 2020. Table 16 estimates that $12.4 million will be collected in FY 2020 including:

- $8.5 million in FY 2020 for qualifying patents
- $3.9 million in FY 2020 for designated primary caregivers

Table 16 - Revenue Estimate for Qualifying Patient and Designated Primary Caregiver ID Cards

	FY 2019	FY 2020
Date of applications	Applications forms not required before 6/30/19	Applications possibly open all year depending on application form of Research Board
Estimate of qualifying patient population	113,334	113,334
Estimate of designated primary caregivers population	52,128	52,128
% of applications submitted by total expected qualifying patients and designated primary caregivers	0.0%	75.0%
Estimate of qualifying patient population receiving ID cards	0	85,001
Estimate of designated primary caregivers population receiving ID cards	0	39,096
Card tax - initial year	$100	$100
Revenues		
Qualifying Patients	$0	$8,500,100
Designated Primary Caregivers	$0	$3,909,600
Total	$0	$12,409,700

Tax Revenues

Colorado and Oregon have been used throughout this analysis as the benchmark states for comparison to Missouri's possible experience. Oregon does not tax medical marijuana sales so it has no data that can be used to help estimate Missouri sales. Table 17 shows that Colorado state tax collections for medical marijuana was $10.6 million in FY 2014, $10.4 million in FY 2015, and $12.2 million in FY 2016. With the implementation of retail marijuana in Colorado some negative effect was expected in the medical marijuana program. However, revenue collections increase by $1.7 million even though the number of qualifying patients went down by about 7,700. Table 17 shows that the dollars spent per month in Colorado per identification cardholder increased from $263 to $330.

FY 2016 Colorado taxes medical marijuana at 2.9% and has explicit accounting of those revenues on its website. To generate $10.4 million in FY 2015 with a 2.9% sales tax the economic value that was taxed would need to be $358.9 million. This computes to $3,160 per cardholder per year or $263 per month per cardholder in 2015.

Table 17 - Colorado Taxes and Economic Activity for Medical Marijuana

	Colorado 2014	Colorado 2015	Colorado 2016
State tax revenue collected from medical marijuana	$10,562,577	$10,409,340	$12,150,626
Colorado Sales Tax Rate	2.9%	2.9%	2.9%
Implied economic value taxed in Colorado sales	$364,226,793	$358,942,759	$418,987,103
Colorado Patient and care giver cards	113,506	113,585	105,841
$ per Colorado identification cardholder for year	$3,209	$3,160	$3,959
$ per Colorado identification cardholder for month	$267	$263	$330

The national consulting firm TrippUmbach completed an economic study of a similar Missouri initiative petition submission in the 2016 election cycle that was submitted to the State Auditor's office for review.[1] It estimated that the price of medical marijuana would range from $7 per gram on the low end to $30 per gram on the high end. Table 18 converts the per gram price to an ounce to get numbers comparable to the figures in Table 17 for Colorado. The Colorado $330/month spending would provide about 1.68 ounces at the TrippUmbach low price estimate. The petition allows the Research Board to set a limit on purchases as long as it is no less than three ounces per month. However, it is not clear if the average Colorado patient purchases one ounce per month or some other amount.

Table 18 - TrippUmbach Estimate of Medical Marijuana Price

	Low estimate	High estimate
Price per gram	$7	$30
Grams per ounce of marijuana	28	28
Cost of one ounce of marijuana	$196	$840

The websites of several Colorado dispensaries were checked for prices on November 16, 2016. They are listed below with a link to the website.

Dank – Denver. Prices $7 to $10 per gram
https://weedmaps.com/dispensaries/dank

Green Man Cannabis -Denver. Prices $10 to $13 per gram
http://greenmancannabis.com/downtown-medical-menu/

mmr america – Denver and Boulder. Prices $5 to $11 per gram
http://mmjamerica.com/pricing/

The Farm – Denver. Prices $14 to $18 per gram
http://thefarmco.com/wp-content/uploads/2016/11/Farmdailymenu11162016.pdf

Comparison shopper site – Prices for medical marijuana $12 to $56 per gram depending on quality
http://budzu.com/prices/usa/colorado

Table 19 shows that there is a wholesale tax and a retail sales tax outlined in Section 4 of the petition.

Table 19 - Taxes on Sales - Wholesale and Retail

Type tax	Description
Wholesale tax	Section 4 (a) - A cultivation tax is imposed on each wholesale sale. $9.25 per dry weight ounce on marijuana flowers. $2.75 per dry weight ounce on marijuana leaves.
Retail sales tax	Section 4 (b) - 15% retail tax

Wholesale Tax Revenues

Table 20 shows calculations necessary to estimate the wholesale tax revenues that will be received under the petition.

- Table 17 shows the dollars spent per qualifying patient in Colorado for the past three years – ranging from $267 in 2014 to $330 in 2016.
- For the purposes of Table 20 the average of $287 for those years is used for the Missouri calculations.
- Table 20 uses three different prices per quarter ounce paid based on searches of the Colorado dispensary websites identified above. The one ounce price is then calculated.
- Based on the $287 average spent per month in Colorado the number of ounces of marijuana purchased by month and by year differs by price. For example, at $50 per quarter ounce the average cardholder could purchase 1.44 ounces of marijuana monthly compared to only 0.80 ounces at $90 per quarter ounce. Similarly, at $50 per quarter ounce the average cardholder could purchase 17.22 ounces of marijuana annually compared to only 9.57 ounces at $90 per quarter ounce.
- The Missouri estimate of 85,001 qualifying patients would purchase between 813,460 and 1,463,717 ounces of marijuana based on the Colorado rate of purchase and the three price levels shown.
- However, as explained for the calculations in Table 16, it is assumed that applications will first be accepted in September 2019. If the qualifying patients come in at the same rate each month that will provide about 9,445 qualifying patients per month. Assuming a 30-day turnaround as required for issuance of the card those qualifying patients will start buying medical marijuana in October 2019. Those first cardholders will be able to buy for 9 months during FY 2020. Each month's cohort gets one fewer month of buying as it is processed. May applicants will have only one month to purchase. The average available months to purchase for the FY 2020 applicants is five months – about 42% of the year. The discounted ounces purchased in FY 2020 as it phases-in ranges between 338,941 and 609,882 ounces based at the three price levels.
- The wholesale tax is different for marijuana flowers vs leaves as show in Table 19.
- If the entire purchase is of marijuana flowers the wholesale tax would provide between $7.5 million and $13.5 million annually depending on the average price per ounce.
- If the entire purchase is of marijuana leaves the wholesale tax would provide between $2.2 million and $4.0 million annually depending on the average price per ounce.

- The University of Washington School of Law prepared a study for the Washington State Liquor and Cannabis Board on the medical marijuana market.[2] After extensive surveys and data analysis they concluded that in the Washington market that flower sales are responsible for 70% of the sales and leaves and other parts of the plant provide 30% of the market. If the purchase is 70% flowers and 30% leaves the wholesale tax would provide between $5.9 million and $10.7 million annually depending on the average price per ounce.

For purposes of this fiscal note a total of $3.18 million is assumed for the wholesale tax for 70% flowers/30% leaves discounted by the middle price and average of available months of purchase for those receiving a card in FY 2020.

Table 20 - Missouri Wholesale Tax Revenue Estimate

$ per Colorado identification cardholder for month - average 2014 to 2016	$287	$287	$287
Average price per 1/4 ounce - range	$50	$70	$90
Average price per ounce - range	$200	$280	$360
Average amount purchased in ounces - monthly Colorado cardholder	1.44	1.03	0.80
Average amount purchased in ounces - annually Colorado cardholder	17.22	12.30	9.57
Estimated Missouri qualifying patient cardholders in FY 2020 (Table 13)	85,001	85,001	85,001
Estimated ounces purchased annually by Missouri qualifying patient cardholders in FY 2020 if at annual Colorado rate	1,463,717	1,045,512	813,460
Discount to average available months of purchase for qualifying patients phased in equally per month beginning in September 2019	5	5	5
Estimated ounces purchased by Missouri qualifying patient cardholders in FY 2020 discounted by average available months of purchase	609,882	435,630	338,941
Wholesale tax per ounce - 100% flowers sold	$9.25	$9.25	$9.25
Wholesale tax receipts - 100% flowers sold annual	$13,539,384	$9,670,989	$7,524,501
Wholesale tax receipts - 100% flowers sold due to phase-in	$5,641,410	$4,029,579	$3,135,209
Wholesale tax per ounce - 100% leaves sold	$2.75	$2.75	$2.75
Wholesale tax receipts - 100% leaves sold	$4,025,222	$2,875,159	$2,237,014
Wholesale tax receipts - 100% leaves sold due to phase-in	$1,677,176	$1,197,983	$932,089
Wholesale tax receipts - 70% flowers/30% leaves	$10,685,136	$7,632,240	$5,938,255
Wholesale tax receipts - 70% flowers/30% leaves sold due to phase-in	$4,452,140	$3,180,100	$2,474,273

Retail Tax Revenues

Table 21 shows calculations necessary to estimate the retail tax revenues that will be received under the petition.

- Table 17 shows the dollars spent per qualifying patient in Colorado for the past three years – ranging from $267 in 2014 to $330 in 2016.
- For the purposes of Table 21 the average of $287 for those years is used for the Missouri calculations.
- Based on the $287 average spent per month in Colorado and an estimate of 85,001 cardholders spending who will be spending for five months, the total value of the sales taxed is $122 million.
- The 15% retail sales tax is $18.3 million on those sales.

Table 21 - Missouri Retail Marijuana Tax Revenue Estimate

Assumptions	FY 2019	FY 2020
Estimated Missouri qualifying patient cardholders (Table 13)	85,001	85,001
$ per cardholder for month	$287	$287
Number of months of purchases by applicants	0	5
Value of sales taxed	$0	$121,976,435
Retail sales tax rate	15.0%	15.0%
Retail sales tax revenue - estimated	$0	$18,296,465

Other State Revenue or Local Revenue

Taxes or Fees for State Funds
Section 4(i) states that "No taxes or fees shall be imposed on the sale of medical marijuana except as provided in the Article." The revenue defined in the petition is all deposited to the Biomedical Research and Drug Development Institute Trust Fund and its specified subaccounts. Therefore, no state general revenue or revenue for other state funds with dedicated taxes (Conservation, Parks/Soils, Prop C) are estimated as the petition precludes other fees and taxes.

Local Revenue
Section 4(i) states that "No taxes or fees shall be imposed on the sale of medical marijuana except as provided in the Article." Therefore, no state general revenue, other state funds, or local revenue are estimated as the petition precludes other fees and taxes. The revenue defined in the petition is all deposited to the Biomedical Research and Drug Development Institute Trust Fund and its specified subaccounts. Therefore, no local sales tax revenue is estimated as the petition precludes other fees and taxes.

Local fees or licenses for doing business, code compliance enforcement, or other purposes that currently exist, and that are not directly imposed on the sale of medical marijuana, appear to be allowable. A estimate of these revenues is not herein provided because of their wide variability and use in local governments across the state.

Section 10 Revenue – Public-Private Collaborative Ventures
Section 10 of the petition prescribes that certain revenue of the Research Board be deposited into the Biomedical Research and Drug Development Trust Fund-Section 10 Account. These funds are made available by formula to specific state purposes.

The revenues going into the Section 10 Account include:

- A percentage of gross revenue or profits derived from the participating research entities cures or treatments – Section 10(b).
- Funds at the Research Board's discretion resulting from its own efforts to "own, make, produce, develop, market, distribute, license, and sell cures, goods, services and products, both of a medical and non-medical nature." – Section 10(c).
- Any actual, consequential, or punitive damages caused to the Research Board by entities violating specific provisions of the petition. – Section 10(e).

The purposes to which the Section 10 Account are annually directed and distributed include:

- 50% to the Biomedical Research and Drug Development Trust Fund-General Purpose Account
- 6.25% for Missouri state roads and bridges infrastructure repairs.
- 6.25% for public pre-school programs, public elementary and secondary school programs, and to provide grants to in-state Missouri students to attend state institutions of higher education governed by sections 172.020 to 172.500 RSMo, and Chapter 172 RSMo. The Department of Higher Education responded to a fiscal note for a similar petition in the 2016 election cycle that this language does not include Lincoln University, Truman State University, State Technical College of Missouri, and all of the community colleges except for Missouri State University-West Plains.
- 6.25% for funding medical care for Missouri residents.
- 6.25% to fund Missouri public employee retirement trust funds.
- 25% to be refunded to Missouri state income tax paying citizens who have paid $500 or more in income taxes. Payment is made up to the total amount of the income tax paid. Any residual

amount above that needed for that formula shall be paid equally to all Missouri state income tax paying residents.

No estimate has been made for the possible revenues of Section 10. These revenues will be derived from Public-Private Collaborative Ventures. Section 10 is devoted to long-term development by the Research Board. No revenue is likely to be received in FY 2019 or FY 2020 during the 18 months the provisions of this act will be effective (December 31, 2018 to June 30, 2020). Any such revenues will arrive beyond the time period covered by the State Auditor's fiscal note process.

Other Economic Impacts

TrippUmbach completed an economic study of a similar Missouri initiative petition submission in the 2016 election cycle that was submitted to the State Auditor's office for review. That study included projections of significant additional economic impacts related to the work of the Research Board. The economic multiplier effect of the industry in Missouri would be significant. However, the revenues related to those effects is not included in this analysis.

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[1] TrippUmbach, "The Impacts of Medical Marijuana Sales Tax for Missouri's Research and Drug Development Trust Fund". October 2015.

[2] Sean O'Connor and Sam Mendez. University of Washington School of Law, Cannabis Law & Policy Project. "Estimating Canopy Size for the Washington Medical Marijuana Market". March 25, 2016. http://lcb.wa.gov/publications/Marijuana/Estimating-Canopy-Size-for-the-Washington.pdf

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

This proposal is estimated to generate annual taxes and fees of $66 million. State governmental entities estimate initial implementation costs of $186,000 and increased annual operating costs of $500,000.

STATE AUDITOR'S OFFICE
RECEIVED
NOV 21 2016

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

November 21, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sheila Dundon regarding a proposed constitutional amendment to Article XVI (2018-040)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sheila Dundon on November 18, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
NOV 18 2016
MO. SECRETARY OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF_____

I, _____ being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.	/ /					
2.	/ /					
3.	/ /					
4.	/ /					
5.	/ /					
6.	/ /					
7.	/ /					
8.	/ /					
9.	/ /					
10.	/ /					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____
(Name of payer)

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____ day of _____, A.D. _____.

_____
Signature of Notary

_____
Address of Notary (Street, City, State & Zip Code)

Notary Public (Seal)

My commission expires _____

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XVI is created by enacting one new section to be known as Section 1 of Article XVI, to read as follows:

Section 1. Right to Access Medical Marijuana

1. **Purposes**

This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician.

This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for nonmedical purposes. The section does not allow for the public use of marijuana and driving under the influence of marijuana.

2. **Definitions**

(1) "Administer" means the direct application of marijuana to a Qualifying Patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a Qualifying Patient's physician.

(2) "Department" means the Department of Health and Senior Services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) "Marijuana" or "Marihuana" means *Cannabis indica*, *Cannabis sativa*, and *Cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" or "Marihuana" do not include industrial hemp containing a crop-wide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) "Marijuana-Infused Products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including, but not limited to, edible products, ointments, tinctures and concentrates.

(7) "Medical Marijuana Cultivation Facility" means a facility licensed by the Department, to acquire, cultivate, process, store, transport, and sell marijuana to a Medical

Marijuana Dispensary Facility, Medical Marijuana Testing Facility, or to a Medical Marijuana-Infused Products Manufacturing Facility.

(8) "Medical Marijuana Dispensary Facility" means a facility licensed by the Department, to acquire, store, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section to a Qualifying Patient, a Primary caregiver, another Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or a Medical Marijuana-Infused Products Manufacturing Facility.

(9) "Medical Marijuana-Infused Products Manufacturing Facility" means a facility licensed by the Department, to acquire, store, manufacture, transport, and sell marijuana-infused products to a Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or to another Medical Marijuana-Infused Products Manufacturing Facility.

(10) "Medical Marijuana Testing Facility" means a facility certified by the Department, to acquire, test, certify, and transport marijuana.

(11) "Medical use" means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a Qualifying Patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(12) "Physician" means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(13) "Physician certification" means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that, in the physician's professional opinion, the patient suffers from a qualifying medical condition.

(14) "Primary caregiver" means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a Qualifying Patient and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the Department.

(15) "Qualifying medical condition" means the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including, but not limited to, post-traumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(16) "Qualifying Patient" means a Missouri resident diagnosed with at least one qualifying medical condition.

3. **Creating Patient Access to Medical Marijuana**

(1) In carrying out the implementation of this section, the Department shall have the authority to:

(a) Grant or refuse state licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses and certifications upon a violation of this section or a rule promulgated pursuant to this section; and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section.

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, dispensing, and sale of marijuana for medical use and for the enforcement of this section so long as patient access is not restricted unreasonably and such rules are reasonably necessary for patient safety or to restrict access to only licensees and Qualifying Patients.

(c) Develop such forms, certificates, licenses, identification cards, and applications as are necessary for, or reasonably related to, the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a Qualifying Patient or Primary Caregiver to ensure that no medical marijuana grown by a Medical Marijuana Cultivation Facility or manufactured by a Medical Marijuana-Infused Products Manufacturing Facility is sold or otherwise transferred except by a Medical Marijuana Dispensary Facility. The Department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees.

(e) Issue standards for the secure transportation of Marijuana and Marijuana-Infused Products. The Department shall certify entities which demonstrate compliance with its transportation standards to transport Marijuana and Marijuana-Infused Products to a Medical Marijuana Cultivation Facility, a Medical Marijuana-Infused Products Manufacturing Facility, a Medical Marijuana Dispensary Facility, a Medical Marijuana Testing Facility, or another entity with a transportation certification. The Department shall develop or adopt from any other governmental agency such safety and security standards as are reasonably necessary for the transportation of marijuana. Any entity licensed or certified pursuant to this section shall be allowed to transport cannabis.

(f) The Department may charge a fee not to exceed $5,000 for any certification issued pursuant to this section.

(g) Prepare and transmit annually a publicly available report accounting to the Governor for the efficient discharge of all responsibilities assigned to the Department under this section;

(h) Establish a system to numerically score competing medical marijuana licensee and certificate applicants, only in cases where more applicants apply than the minimum number of licenses or certificates as calculated by this section, which scoring shall be limited to an analysis of the following: (i) the character, veracity, background, qualifications, and relevant experience of principal officers or managers; (ii) the business plan proposed by the applicant, which in the case of cultivation facilities and dispensaries shall include the ability to maintain an adequate supply of marijuana, plans to ensure safety and security of Qualifying Patients and the community, procedures to be used to prevent diversion, and any plan for making Marijuana available to low-income Qualifying Patients; (iii) site security; (iv) experience in a legal cannabis market; (v) in the case of Medical Marijuana Testing Facilities, the experience of their personnel with testing marijuana, food or drugs for toxins and/or potency and health care industry experience; (vi) the potential for positive economic impact in the site community; (vii) in the case of Medical Marijuana Cultivation Facilities, capacity or experience with agriculture, horticulture, and health care; (viii) in the case of Medical Marijuana Dispensary Facilities, capacity or experience with health care, the suitability of the proposed location, and its accessibility for patients; (ix) in the case of Medical Marijuana-Infused Products Manufacturing Facilities, capacity or experience with food and beverage manufacturing; and (x) maintaining competitiveness in the marijuana for medical use marketplace. In ranking applicants and awarding licenses and certificates, the Department may consult or contract with other public agencies with relevant expertise regarding these factors. The Department shall lift or ease any limit on the number of licensees or certificate holders in order to meet the demand for marijuana for medical use by Qualifying Patients.

(2) The Department shall issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana for medical use by Qualifying Patients. In developing such rules or emergency rules, the Department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the Department may issue rules or emergency rules relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license or certification issued pursuant to this section;

(b) Specifications of duties of officers and employees of the Department;

(c) Instructions or guidance for local authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the Department;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises provided that the rules may not prevent or unreasonably restrict appropriate signs on the property of the Medical Marijuana Dispensary Facility, product display and examination by the Qualifying Patient and/or Primary caregiver, listings in business directories including phone books, listings in marijuana-related or medical publications, or the sponsorship of health or not for profit charity or advocacy events;

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed or certified pursuant to this section, including a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the Department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days. Applicants licensed pursuant to this section shall submit fingerprints to the Missouri state highway patrol for the purpose of conducting a state and federal fingerprint-based criminal background check. The Missouri state highway patrol, if necessary, shall forward the fingerprints to the Federal Bureau of Investigation (FBI) for the purpose of conducting a fingerprint-based criminal background check. Fingerprints shall be submitted pursuant to 43.543 and fees shall be paid pursuant to 43.530;

(i) Security requirements for any premises licensed or certified pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the Department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical Marijuana-Infused Products;

(l) The specification of acceptable forms of picture identification that a Medical Marijuana Dispensary Facility may accept when verifying a sale;

(m) Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(p) The reporting and transmittal of tax payments;

(q) Authorization for the Department of Revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(3) The Department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and requiring licensees to test medical marijuana using one or more impartial, independent laboratories to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health, to ensure correct labeling and measure potency. The Department shall not require any medical marijuana or medical marijuana-infused products to be tested more than once prior to sale.

(4) The Department shall issue rules or emergency rules to provide for the certification of and standards for Medical Marijuana Testing Facilities, including the requirements for equipment and qualifications for personnel, but shall not require certificate holders to have any federal agency licensing or have any relationship with a federally licensed testing facility. The Department shall certify, if possible, at least two entities as Medical Marijuana Testing Facilities. No Medical Marijuana Testing Facility shall be owned by an entity under substantially common control, ownership, or management as

a Medical Marijuana Cultivation Facility, Medical Marijuana-Infused Product Manufacturing Facility, or Medical Marijuana Dispensary Facility.

(5) The Department shall maintain the confidentiality of reports or other information obtained from an applicant or licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients may be used only for a purpose authorized by federal law and this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card.

(6) Within one hundred eighty days of the effective date of this section, the Department shall make available to the public license application forms and application instructions for Medical Marijuana Cultivation Facilities, Medical Marijuana Testing Facilities, Medical Marijuana Dispensary Facilities, and Medical Marijuana-Infused Products Manufacturing Facilities.

(7) Within one hundred eighty days of the effective date of this section, the Department shall make available to the public application forms and application instructions for Qualifying Patient, Qualifying Patient cultivation, and Primary caregiver identification cards. Within two hundred ten days of the effective date of this section, the Department shall begin accepting applications for such identification cards.

(8) An entity may apply to the Department for and obtain one or more licenses to grow marijuana as a Medical Marijuana Cultivation Facility. Each facility in operation shall require a separate license, but multiple licenses may be utilized in a single facility. Each indoor facility utilizing artificial lighting may be limited by the Department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the Department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the Department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of ten thousand dollars per license application or renewal for all applicants filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of five thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of twenty-five thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three Medical Marijuana Cultivation Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(9) An entity may apply to the Department for and obtain one or more licenses to operate a Medical Marijuana Dispensary Facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five Medical Marijuana Dispensary Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(10) An entity may apply to the Department for and obtain one or more licenses to operate a Medical Marijuana-Infused Products Manufacturing Facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of six thousand dollars per license application or renewal for each applicant filing an application within three years of the effective date of this section and shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal thereafter. Once granted, the Department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three Medical Marijuana-Infused Products Manufacturing Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(11) Any applicant for a license authorized by this section may pre-file their application fee with the Department beginning 30 days after the effective date of this section.

(12) Except for good cause, a Qualifying Patient or his or her Primary caregiver may obtain an identification card from the Department to cultivate up to six flowering marijuana plants for the exclusive use of that Qualifying Patient. The card shall be valid for twelve months from its date of issuance and shall be renewable with the annual submittal of a new or updated physician's certification. The Department shall charge an annual fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(13) The Department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single Qualifying Patient in a thirty day period, provided that limit is not less than four ounces of dried, unprocessed marijuana, or its equivalent. Any such limit shall not apply to a Qualifying Patient with written certification from two independent physicians that there are compelling reasons why the Qualifying Patient needs a greater amount than the limit established by the Department.

(14) The Department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a sixty day supply of dried, unprocessed marijuana, or its equivalent. A Primary caregiver may possess a separate legal limit for each Qualifying Patient under their care and a separate legal limit for themselves if they are a Qualifying Patient. Qualifying Patients cultivating marijuana for medical use may possess up to a ninety day supply, so long as the supply remains on property under their control. Any such limit shall not apply to a Qualifying Patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor to Department sanctions, including an administrative penalty and loss of their patient identification card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by imprisonment of up to one year and a fine of up to two thousand dollars.

(15) The Department may restrict the aggregate number of licenses granted for Medical Marijuana Cultivation Facilities, provided, however, that the number may not be limited to fewer than one license per every one hundred thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(16) The Department may restrict the aggregate number of licenses granted for Marijuana-Infused Products Manufacturing Facilities, provided, however, that the number may not be limited to fewer than one license per every seventy thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most

recent census of the United States. A decrease in the number of inhabitants in the state of Missouri shall have no impact.

(17) The Department may restrict the aggregate number of licenses granted for Medical Marijuana Dispensary Facilities, provided, however, that the number may not be limited to fewer than twenty-four licenses in each United States Congressional district in the state of Missouri pursuant to the map of each of the eight congressional districts as drawn and effective on the effective date of this section. Future changes to the boundaries of or the number of congressional districts shall have no impact.

(18) The Department shall begin accepting license and certification applications for Medical Marijuana Dispensary Facilities, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, seed-to-sale tracking systems, and for transportation of marijuana no later than two hundred forty days after the effective date of this section. Applications for licenses and certifications under this section shall be approved or denied by the Department no later than one hundred fifty days after their submission. If the Department fails to carry out its non-discretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the Department to approve or deny the application.

(19) Qualifying Patients under this section shall obtain and annually renew an identification card or cards from the Department. The Department shall charge a fee of twenty-five dollars per year per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Upon receiving an application for a Qualifying Patient identification card or Qualifying Patient cultivation identification card, the Department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the Department fails to deny and fails to issue a card to an eligible Qualifying Patient within thirty days, then their physician certification shall serve as their Qualifying Patient identification card or Qualifying Patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a Qualifying Patient identification card or Qualifying Patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(20) Primary caregivers under this section shall obtain and annually renew an identification card from the Department. The Department shall charge a fee of twenty-five dollars per year, with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. Upon receiving an application for a Primary caregiver identification card, the Department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(21) All marijuana for medical use sold in Missouri shall be cultivated in a licensed Medical Marijuana Cultivation Facility located in Missouri.

(22) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a Medical Marijuana-Infused Products Manufacturing Facility.

(23) The denial of a license, license renewal, or identification card by the Department shall be appealable to the Administrative Hearing Commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the Department shall be subject to judicial review as provided by law.

(24) No elected official shall interfere directly or indirectly with the Department's obligations and activities under this section.

(25) The Department shall not have the authority to apply or enforce any rule or regulation that would impose an undue burden on any one or more licensees or

certificate holders, any Qualifying Patients, or act to undermine the purposes of this section.

4. **Taxation and Reporting**

(1) A tax is levied upon the retail sale of marijuana for medical use sold at Medical Marijuana Dispensary Facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed Medical Marijuana Dispensary Facility and paid to the Department of Revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the Department of Revenue into the Missouri Veterans' Health and Care Fund. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund," which shall consist of taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest monies in the fund in the same manner as other funds are invested. Any interest and monies earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any monies remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The Commissioner of Administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the Department in advance of it receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the Department, an amount necessary for the Department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, the remainder of such funds shall be transferred to the Missouri Veterans Commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri Veterans Homes, the Missouri Service Officer's Program, and other services for veterans approved by the Commission, including, but not limited to, health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri Veterans Commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All monies from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies, by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the Department and the Department of Revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from, and in addition to, any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

(6) The fees and taxes provided for in this Article XVI, Section 1 shall be fully enforceable notwithstanding any other provision in this Constitution purportedly prohibiting or restricting the taxes and fees provided for herein.

(7) The unexpended balance existing in the fund shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.

5. **Additional Patient, Physician, Caregiver and Provider Protections**

(1) Except as provided in this section, the possession of marijuana in quantities less than the limits of this section, or established by the Department, and transportation of marijuana from a Medical Marijuana Dispensary Facility to the Qualifying Patient's residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand to the appropriate authority a valid Qualifying Patient identification card; a valid Qualifying Patient cultivation identification card; a valid physician certification while making application for an identification card; or a valid Primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a Qualifying Patient identification card or use marijuana for medical use.

(3) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri State Board of Registration for the Healing Arts, or its successor agency, for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for owning, operating, investing in, being employed by, or contracting with any entity licensed or certified pursuant to this section or providing health care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A Medical Marijuana Testing Facility shall not be subject to civil or criminal prosecution under Missouri law, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by non-emancipated Qualifying Patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A Primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use to a qualifying patient or participating in the patient cultivation of up to six flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct.

(8) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for owning, operating, investing in, being employed by, contracting with, or providing legal assistance to prospective or licensed Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana Dispensary Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, Qualifying Patients, Primary caregivers, physicians, health care providers or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(9) Actions and conduct by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities licensed or registered with the Department, or their employees or agents, as permitted by this section and in compliance with Department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by Qualifying Patients, Primary Caregivers, Medical Marijuana Testing Facilities, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.

6. **Legislation**

Nothing in this section shall limit the General Assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of Qualifying Patients to access marijuana for medical use as granted by this section.

7. **Additional Provisions**

(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

(b) Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; or

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana; or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the influence of marijuana while at work or disciplining the employee or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana.

(2) No Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility, or entity with a transportation certification shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the Department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The Department may consult with and rely on the records, advice and recommendations of the Attorney General and the Department of Public Safety, or their successor entities, in applying this subdivision.

(3) All Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, and Medical Marijuana-Infused Products Manufacturing Facility licenses, entities with Medical Marijuana Testing Facility certifications, and entities with transportation certifications shall be held by entities that are majority owned by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or certification. Notwithstanding the foregoing, entities outside the state of Missouri may own a minority stake in such entities.

(4) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional Department sanction, up to and including loss of license.

(5) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, in a font size at least as large as the largest other font size used on the package, as containing "Marijuana," or a "Marijuana-Infused Product." Violation of this prohibition shall subject the violator to Department sanctions, including an administrative penalty.

(6) No individual shall serve as the Primary caregiver for more than three Qualifying Patients.

(7) No Qualifying Patient shall consume marijuana for medical use in a public place, unless provided by law. Violation of this prohibition shall subject the violator to sanctions as provided by general law.

(8) No person shall extract resins from marijuana using dangerous materials or combustible gases without a Medical Marijuana-Infused Products Manufacturing Facility license. Violation of this prohibition shall subject the violator to Department sanctions, including an administrative penalty and, if applicable, loss of their identification card, certificate, or license for up to one year.

(9) All Qualifying Patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the Qualifying Patient or by such patient's Primary caregiver. Two Qualifying Patients, who both hold valid Qualifying Patient cultivation identification cards, may share one enclosed, locked facility. No more than twelve Qualifying Patient or Primary caregiver cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a Primary caregiver also holds a Qualifying Patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.

(10) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, Medical Marijuana-Infused Products Manufacturing Facility, Medical Marijuana Testing Facility, or entity with a transportation certification shall assign, sell, give, lease, sublicense, or otherwise transfer its license or certificate to any other entity without the express consent of the Department, not to be unreasonably withheld.

(11) Unless allowed by the local government, no new Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. No local government shall prohibit Medical Marijuana

Cultivation Facilities, Medical Marijuana Testing Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, or entities with a transportation certification either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of operation of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a Medical Marijuana Cultivation Facility, Medical Marijuana Testing Facility, Medical Marijuana-Infused Products Manufacturing Facility, Medical Marijuana Dispensary Facility, or entity holding a transportation certification that may operate in such locality.

(12) Unless superseded by federal law or an amendment to this Constitution, a physician shall not certify a qualifying condition for a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic, or in another commonly used format. A Qualifying Patient must obtain a new physician certification at least annually.

(13) A physician shall not issue a certification for the medical use of marijuana for a non-emancipated Qualifying Patient under the age of eighteen without the written consent of the Qualifying Patient's parent or legal guardian. The Department shall not issue a Qualifying Patient identification card on behalf of a non-emancipated Qualifying Patient under the age of eighteen without the written consent of the Qualifying Patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a Primary caregiver for a non-emancipated Qualifying Patient under the age of eighteen. Only the Qualifying Patient's parent or guardian shall purchase or possess medical marijuana for a non-emancipated Qualifying Patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a non-emancipated Qualifying Patient under the age of eighteen

(14) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for Qualifying Patient use.

(15) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

8. **Severability**

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

9. **Effective Date**

The provisions of this section shall become effective on December 6, 2018.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-040)

Subject

Initiative petition from Sheila Dundon regarding a proposed constitutional amendment to Article XVI of the Constitution of Missouri. (Received November 21, 2016)

Date

December 12, 2016

Description

This proposal would amend Article XVI of the Constitution of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** and the **Lieutenant Governor's Office**.

Assumptions

Officials from the **Attorney General's office** indicated this proposal authorizes the Department of Health and Senior Services to issue new licenses for the cultivation,

manufacture, dispensing, sale, testing, tracking, and transportation of marijuana for medical use. It requires the Department to promulgate rules necessary for the implementation and enforcement of the proposal. The proposal requires a minimum of 60 licenses for cultivation facilities (one per every 100,000 inhabitants), and a minimum of 85 licenses for manufacturing facilities (one per 70,000 in inhabitants). They assume they would need 1 AAG I to provide legal representation regarding issuance, denial, and discipline of licenses and review of administrative rules, resulting in increased operating expenses of $70,362 for FY2018; $76,074 for FY2019; and $76,866 for FY2020.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they do not anticipate any impact to their department in regard to this initiative petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated the costs will be $0 for fiscal year 2018, $3,062,147 for fiscal year 2019, and $7,035,064 for fiscal year 2020. The revenues will be $0 for fiscal year 2018, $1,134,000 for fiscal year 2019, and $12,124,800 for fiscal year 2020.

This proposal is not an entire duplication, however; Section 192.945, RSMo allows their department to issue a hemp extract registration card for persons suffering from intractable epilepsy. The hemp extract registration card allows for the legal possession and use of cannabidiol (CBD) oil. This proposal allows for the legal use of marijuana for persons who are issued a registration card due to a debilitating medical condition. Under this proposal, patients with intractable epilepsy could also qualify to receive a registration card for medical marijuana use.

Rental space for 97 FTE located in Jefferson City: 97.00 FTE x 230 sq ft/FTE x $21.00/sq. ft. = $468,510

The proposed language would legalize the use of marijuana for medicinal purposes. There could be an unknown impact on small businesses that serve as cultivators, manufacturers, dispensary facilities, testing and/or transportation centers.

Fiscal Note	18-006		ITSD - DHSS		
Bill Number	Initiative Petition				
Will a new system be required?	X	Yes		No	
Indicate fiscal year when fully implemented		FY 2020			

ESTIMATED NET EFFECT ON STATE FUNDS

Fund Affected	FY 2018	FY 2019	FY 2020
General Revenue	-	-	-
Other	-	309,634.50	309,653.50
Federal Funds	-	-	-
Total	-	309,634.50	309,653.50

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Bill Section(s) 0

New	Rate	Hours	FY 2018 $	FY 2019 $	FY 2020 $
IT Consultants	75	8,237.16	-	308,893.50	308,893.50
Other Costs:					
Disk Storage (SAN)	45.36	12	-	558.00	572.00
Backup and Recovery (DistSys Backup-Recovery)	0.49	365	-	183.00	188.00
Section Total Other Costs:			-	741.00	760.00
Section Total Expenditures:			-	309,634.50	309,653.50
Section Funding:	General Revenue		-	309,634.50	309,653.50
	Federal		-	-	-
	Other		-	-	-
	Total		-	309,634.50	309,653.50

The proposed constitutional amendment requires their department to issue annual registrations for patients and their designated caregivers, patient and caregiver cultivators, medical marijuana cultivation facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities. In addition, the amendment

requires their department to certify seed-to-sale tracking systems, transportation entities, and testing facilities.

The proposal allows for the following registration/license fees to be collected:

	Initial Application and Annual Renewal
Qualifying Patient ID Card	$25.00
Primary Caregiver ID Card	$25.00
Patient or Caregiver Cultivation ID Card	$100.00

	Within 3 years of Effective Date of Proposal (December 6, 2018 – December 6, 2021)		After 3 years of Effective Date (after December 6, 2021)	
	Initial Application or Renewal Application Non-Refundable License Fee (3 yr. license)	Annual Licensing Fee	Initial Application or Renewal Application Non-Refundable License Fee (3 yr. license)	Annual Licensing Fee
Medical Marijuana Cultivation Facility	$10,000	$25,000	$5,000	$25,000
Medical Marijuana Dispensary Facility	$6,000	$10,000	$3,000	$10,000
Medical Marijuana-Infused Products Manufacturing	$6,000	$10,000	$3,000	$10,000

	Certification Fee
Seed-to-Sale Tracking System	Up to $5,000
Medical Marijuana Testing Facility	Up to $5,000

The provisions of this section shall become effective on December 6, 2018. According to the proposed provisions of this section, they shall make available to the public all license application forms (cultivation, dispensary, manufacturing and testing facilities) and the application forms for qualifying patients, caregivers, and qualifying patient cultivation identification cards within 180 days of the effective date of the section (June 6, 2019). They shall accept all applications for patients, caregivers and cultivators no later than 210 days following the effective date of this section (July 6, 2019). They shall accept applications for dispensary facilities, testing facilities, cultivation facilities, manufacturing facilities, seed-to-sale tracking systems, and transportation entities no later than 240 days after the effective date of this section (August 6, 2019). The provisions of this section also allow any applicant for a license to pre-file their application fee with them beginning 30 days after the effective date of this section (January 6, 2019). For purposes of this fiscal note, it is assumed that the first fees for license applications (pre-file) would be accepted January 6, 2019 (FY 2019). The first fees for patient, caregivers, and cultivators are assumed to be collected beginning July 1, 2019 (FY 2020). The first certification fees (seed-to-sale, testing, and transportation) are assumed to be collected beginning July 1, 2019 (FY 2020) as well.

The estimations for the number of each type of registration, license and certification issued each year are detailed under the headings Division of Community and Public Health (DCPH) Applications for Patient and Caregiver Identification below.. The total estimate of collected fees equals $1,134,000 for FY 2019 and $12,124,800 for FY 2020.

Section 1.3(2)(e) allows them to issue rules creating a range of administrative penalties related to implementation and enforcement of rules that ensure the right to, availability, and safe use of marijuana for medical use. These administrative penalties could include penalty fees but the fee amounts and frequency of penalties issued is unknown at this time.

Section 1.4(1) of the proposed amendment mandates each licensed Medical Marijuana Dispensary facility to collect a four percent tax on the retail sale of all medical marijuana products sold to be collected by the Department of Revenue (DOR). The amount of tax that will be collected is unknown and is referred to the DOR for these estimations.

The DOR may retain up to five percent of the annual taxes collected. The rest of the tax collected is to be deposited by the DOR into the Missouri Veterans' Health and Care Fund. This fund shall consist of all fees and taxes collected by this proposed section.

Division of Community and Public Health (DCPH)

Section 1.3(1) authorizes them to grant or refuse licenses and certifications for the cultivation, manufacture, dispensing, sale, testing, tracking, and transportation of

marijuana for medical use as provided by the provisions of Section 1. This section also authorizes them to suspend, fine, restrict, or revoke such licenses and certifications upon any violation of this section or a rule promulgated by them pursuant to this section. They shall develop such rules, forms, licenses, identification cards, and applications as necessary to implement provisions of this section. They are also required to certify at least two commercially available software products that licensees must use for seed-to-sale tracking standards and issue standards for the certification of secure transportation of marijuana an marijuana-infused products. They are to prepare annually a publicly available report accounting to the Governor for the efficient discharge of all responsibilities assigned to them by this section. They must also establish a system to numerically score applicants for licenses and certificates when the number of applicants are more than the minimum required.

Section 1.3(2) permits them to issue any rules necessary to ensure the right to, availability and safe use of marijuana for medical use by qualifying patients. This includes addressing: requirements for inspections, investigations, searches, seizures, and such additional enforcement activities that may become necessary; the creation of a range of administrative penalties; development of individual identification cards for owner, officers, managers, contractors, employees, and other support staff of entities licensed pursuant to this section; security requirements for any premises licensed; regulation of the storage and transportation of marijuana for medical use; sanitary requirements for the preparation of medical marijuana-infused products; labeling and packaging standards; and records to be kept by the licensees, state licensing procedures for initial licenses, renewals and reinstatements.

Section 1.3(3) requires them to issue rules regarding independent testing and certification for medical marijuana licensees to ensure products that are sold for human consumption are correctly labeled and do not contain contaminants that are injurious to health.

Section 1.3(4) requires them to issue rules to provide for the standards and certification of Medical Marijuana Testing Facilities. The DHSS shall certify, if possible, at least two Medical Marijuana Testing Facility entities.

Section 1.3(6) requires them to make available to the public license application forms and (for all types of licensees including testing facilities) and instructions within 180 days of the effective date of this section.

Section 1.3(7) requires them to make available to the public application forms and accompanying instructions for qualifying patients, qualifying patient or caregiver cultivation, and primary caregiver identification cards within 180 days of the effective date of this section. They are also required to accept these applications within 210 days of the effective date of this section.

Section 1.3(18) requires them to begin accepting license and certification application forms and instructions (for dispensary facilities, testing facilities, cultivation

facilities, manufacturing facilities, seed-to-sale tracking systems, and transportation entities) no later than 240 days from the effective date and shall either approve or deny within 150 days after submission.

Section 1.3(19) requires them to process a qualifying patient identification card within 30 days of receipt of the application.

Section 1.3(20) requires them to process a primary caregiver identification card within 30 days of receipt of the application.

Information Technology Services Division (ITSD)

Support of an IT vendor to build a data system to support the administration and reporting requirements indicated in Section 1 of Article XVI (Right to Access Medical Marijuana). The system would be used by the department to process applications to include issuance of licenses and identification cards.

Division of Administration

Specific program impact for their department is in the Division of Community and Public Health (DCPH). Each application and license transaction will have an associated fee transaction, which impacts the Division of Administration (DA).

One full-time attorney would be required to assist in drafting emergency and proposed regulations and forms; perform legal research and provide day-to-day legal counsel to the program; and, represent their department in appeals of licensure and identification card denials.

The proposed amendment requires them to adjust (increase or decrease) registration and license fees according to the Consumer Price Index as published by the U.S. Department of Labor. The change in fees collected (increase or decrease) due to this provision is unable to be determined at this time.

Also, the initial application and renewal licensing fees for a cultivation facility, manufacturing facility, and dispensing facility decrease in half (details under question #8) after three years from the effective date of this proposal.

Division of Community and Public Health (DCPH)

Applications for Patient and Caregiver Identification
Section 1 requires them to issue registration cards for qualified patients and their caregivers. A study by the nonprofit entity ProCon organization, updated March 2016, published the rates of patient registration cards issued for each state with a medical marijuana program (http://medicalmarijuana.procon.org/view.resource.php?resourceID=005889). This study found that Oregon was issuing qualified patient cards at a ratio of 19.2 per 1,000 state

residents. For purposes of this fiscal note, the State of Oregon's program will be benchmarked in regard to the number of patient and primary caregiver registrants. While the Oregon program was initiated in May 1999 and therefore has an established program, the state of Missouri's chronic disease rates are generally higher and the qualifying medical conditions accepted under Missouri's proposal are broader than those of Oregon.

Calculation of applications:

- Patients: According to the 2015 U.S. Census Bureau information, Missouri's population is at 6,083,672. Applying the rate of 19.2 applications per 1,000 residents, Missouri would estimate issuing 116,807 patient registration cards annually ((6,083,672/1,000) x 19.2)).
- Caregivers: According to the October 1, 2016 data on Oregon's Medical Marijuana Program Website, the ratio of patient registration cards to caregiver cards is calculated at 2.29. Calculating this same ratio, Missouri would estimate issuing 51,007 caregiver cards annually (116,807/2.29).

The proposed effective date of the medical marijuana program is December 6, 2018. They are required to have the applications for the qualifying patient and caregiver identification cards available within 180 days of the effective date (June 6, 2019). Section 1.3(6) requires them to begin accepting applications for the qualifying patient and caregiver cards no later than 210 days from the effective date (July 6, 2019). For purposes of this fiscal note analysis, it is assumed that they will begin accepting applications July 1, 2019 (FY 2020). They will collect an application fee of $25 per card, per Section 1.3(19) and 1.3(20). It is assumed that the fees will be collected in the same fiscal year the applications are received. It is also assumed that ten percent of the initial applicants will submit a renewal application within the same fiscal year.

	FY 2018	FY 2019	FY 2020
Qualifying Patient Initial Applications	0	0	116,807
Qualifying Patient Renewal Applications	0	0	11,681
Caregiver Initial Applications	0	0	51,007
Caregiver Renewal Applications	0	0	5,101
Total Patient & Caregiver Identification Cards	0	0	184,596
Total Patient & Caregiver Application Fees	$0	$0	$4,614,900

Applications for Patient or Caregiver Cultivation Identification Cards

Section 1 requires them to issue identification cards for a qualifying patient or his or her primary caregiver for purposes of cultivating up to six flowering marijuana plants for the exclusive use of the qualifying patient. For purposes of this fiscal note, it is estimated that 10 percent of the qualifying patients will grow marijuana for themselves or it will be grown by their designated primary caregiver. Therefore, it is estimated that 11,681 (116,807 x .10) will be issued in FY 2020. They will collect an annual application fee of $100 per Section 1.3(12). It is also assumed that ten percent of the initial applicants will renew their application within the same fiscal year.

	FY 2018	FY 2019	FY 2020
Cultivation Initial Applications	0	0	11,681
Cultivation Renewal Applications	0	0	1,168
Total Cultivation Identification Cards	0	0	12,849
Total Cultivation Identification Fees	$0	$0	$1,284,900

Application and Licensing of Medical Marijuana Cultivation Facilities

Section 1 authorizes them to establish the application and licensing process of medical marijuana cultivation facilities. For purposes of this fiscal note analysis, it is estimated that 61 facilities will apply and become licensed to fully operate cultivation facilities by the end of FY 2020. This estimate is based on the assumption that they will limit the number of cultivation facilities licensed at the minimum required of one facility per 100,000 residents (6,083,672 Missouri residents/100,000 residents per facility = 61 facilities) as allowed per Section 1.3(15). They must accept applications within 210 days of the effective date of the proposal and therefore assumes that applications will be accepted beginning July 1, 2019 (FY 2020). However, section 1.3(11) allows any application for a license to pre-file their application fee with them beginning 30 days after the effective date (January 6, 2019). They estimates that half of the cultivation facilities that will be licensed in FY 2020 will pre-file their fee in FY 2019. The proposed amendment sets the initial application fee at $10,000 with an additional $25,000 fee for each year of the license for the facilities applying during this time period.

	FY 2018	FY 2019	FY 2020
Cultivation Facility Applications	0	0	61
Cultivation Facility Application Fees ($10,000)	$0	$300,000 (pre-file)	$310,000
Cultivation Facility Annual Licenses	0	0	61
Cultivation Facility Annual License Fees ($25,000)	$0	$0	$1,525,000
Total Cultivation App & License Fees	$0	$300,000	$1,835,000

Application and Licensing of Medical Marijuana Dispensing Facilities

Section 1 authorizes them to establish the application and licensing process of medical marijuana dispensing facilities. For purposes of this fiscal note analysis, it is estimated that 192 facilities will apply and become licensed to fully operate dispensing facilities by the end of FY 2020. This estimate is based on the assumption that they will limit the number of dispensing facilities licensed at the minimum required of twenty-four (24) licenses per each of the current eight U.S. Congressional Districts (24 facilities x 8 districts = 192 facilities) as allowed per Section 1.3(17). They must accept applications within 210 days of the effective date of the proposal and therefore assumes that applications will be accepted beginning July 1, 2019 (FY 2020). However, section 1.3(11) allows any application for a license to pre-file their application fee with them beginning 30 days after the effective date (January 6, 2019). They estimate that half of the dispensing facilities that will be licensed in FY 2020 will pre-file their fee in FY 2019. The proposed amendment sets the initial

application fee at $6,000 with an additional $10,000 fee for each year of the license for the facilities applying during this time period.

	FY 2018	FY 2019	FY 2020
Dispensing Facility Applications	0	0	192
Dispensing Facility Application Fees ($6,000)	$0	$576,000 (pre-file fees)	$576,000
Dispensing Facility Annual Licenses	0	0	192
Dispensing Facility Annual License Fees ($10,000)	$0	$0	$1,920,000
Total Dispensing App & License Fees	$0	$576,000	$2,496,000

Application and Licensing of Medical Marijuana-Infused Products Manufacturing Facilities

Section 1 authorizes them to establish the application and licensing process of medical marijuana-infused products manufacturing facilities. For purposes of this fiscal note analysis, it is estimated that 87 facilities will apply and become licensed to fully operate medical marijuana-infused products manufacturing facilities by the end of FY 2020. This estimate is based on the assumption that they will limit the number of manufacturing facilities licensed at the minimum required of one facility per 70,000 residents (6,083,672 Missouri residents/70,000 residents per facility = 87 facilities) as allowed per Section 1.3(16). They must accept applications within 210 days of the effective date of the proposal and therefore assumes that applications will be accepted beginning July 1, 2019 (FY 2020). However, section 1.3(11) allows any application for a license to pre-file their application fee with them beginning 30 days after the effective date (January 6, 2019). They estimate that half of the medical marijuana-infused products manufacturing facilities that will be licensed in FY 2020 will pre-file their fee in FY 2019. The proposed amendment sets the initial application fee at $6,000 with an additional $10,000 fee for each year of the license for the facilities applying during this time period.

	FY 2018	FY 2019	FY 2020
Manufacturing Facility Applications	0	0	87
Manufacturing Facility Application Fees ($6,000)	$0	$258,000	$264,000
Manufacturing Facility Annual Licenses	0	0	87
Manufacturing Facility Annual License Fees ($10,000)	$0	$0	$870,000
Total Manufacturing Application & License Fees	$0	$258,000	$1,134,000

Certification of Seed-to-Sale Tracking Systems, Transportation Entities, and Medical Marijuana Testing Facilities

Section 1.3.(1)(d) requires them to certify at least two commercially available systems that licensees may use as their seed-to-sale tracking system. For purposes of this fiscal note, it is estimated that they will issue certifications for two commercially available systems.

Section 1.3.(1)(e) requires them to certify entities which demonstrate compliance with transportation standards in order to transport marijuana and marijuana-infused products. For purposes of this fiscal note, it is estimated that all licensed medical marijuana cultivation facilities and marijuana-infused products manufacturing facilities will obtain certification to transport marijuana and marijuana-infused products. Therefore, it is estimated that they will issue 148 certifications for transportation (61 cultivation facilities + 87 manufacturing facilities = 148 total facilities). The certification process will occur simultaneous with the licensure of the facilities.

Section 1.3.(4) requires them to certify at least two facilities as Medical Marijuana Testing Facilities. It is estimated that only two facilities will be certified. The certification will occur in FY 2020.

Section 1.3.(1)(f) allows the department to charge a fee not to exceed $5,000 for any certification issued. It is assumed that they will charge a fee of $5,000 for each certification issued.

	FY 2018	FY 2019	FY 2020
Seed-to-Sale Tracking System Certifications	0	0	2
Transportation Entity Certifications	0	0	148
Medical Marijuana Testing Facility Certifications	0	0	2
Total Certifications	0	0	152
Total Certification Fees ($5,000 ea.)	$0	$0	$760,000

Total Revenue in Application, Licensing, and Certification Fees

	FY 2018	FY 2019	FY 2020
Patient & Caregiver Application Fees	$0	$0	$4,614,900
Patient or Caregiver Cultivation Fees	$0	$0	$1,284,900
Cultivation Facility Fees	$0	$300,000	$1,835,000
Dispensing Facility Fees	$0	$576,000	$2,496,000
Infused Products Manufacturing Fees	$0	$258,000	$1,134,000
Certification Fees	$0	$0	$760,000
Total Fees	**$0**	**$1,134,000**	**$12,124,800**

Program Operations: Staffing

Section 1 requires the establishment of a medical marijuana program through promulgation of rules and implementation of those rules for administration of patient and caregiver identification cards; patient or caregiver cultivation identification cards; licensing of medical marijuana cultivation facilities, dispensing facilities and infused products manufacturing facilities; and certification of seed-to-sale tracking systems, transportation entities, and medical marijuana testing facilities. This also includes the development of all program applications and forms, identification cards, and a computerized database system to allow for the electronic storage of and processing of data needed to issue identification

cards and licenses. As a result, DCPH anticipates the need to hire the following staff beginning on December 6, 2018 (FY 2019) to begin development of the program/system:

One Program Manager Broad Band 2 ($65,000) – will serve as Chief of the Medical Marijuana Bureau. Duties will include overall program management, including involvement in rule promulgation, development of forms, program policies and procedures, information system development, and initial program set-up. This position will also supervise the two Unit (Program) Coordinators, two Investigator III positions, a Health Program Representative III, and a Bureau Administrative Office Support Assistant.

Two Program Coordinators (A30, $50,112, Step H) – will serve as Unit Coordinators. One unit will be responsible for processing patient and caregiver applications, including patient or caregiver cultivation applications. The other unit will be responsible for the applications and licensing and/or certification of the medical marijuana cultivation facilities, dispensing facilities, infused-products manufacturing facilities; testing facilities, transportation entities, and seed-to-sale tracking systems. These positions will be involved in the initial program development with the Bureau Chief, hiring of staff, and development of training for staff. Once the program is operational, the Coordinators responsibilities extend to implementation and maintenance of the program, responsibility for meeting application decision deadlines, and ongoing management responsibilities.

One Health Program Representative III (A24, $39,708. Step G) – duties will include assistance in rule promulgation, program policies and procedures, forms development, information system development/troubleshooting and maintenance, and initial program set-up. This position will serve as the liaison between the Units and IT work on system maintenance and enhancements. This position will also certify the seed-to-sale tracking systems that are commercially available to use by the licensed facilities. This position will also be responsible for establishing materials to educate the public about the program and exhibiting at conferences or other venues to education physicians and the general public.

One Administrative Office Support Assistant (A15, $28,668, Step F) – duties will include providing administrative assistance to the Bureau Chief, Program Coordinators, Investigators, Inspectors, and HPR III positions. As allowed, this position will also assist in initial processing of patient and caregiver applications for registration cards.

The following staff will be hired to begin March 1, 2019. This hire date will allow for training and final program preparation to occur prior to the required release dates for the application forms for patients and caregivers, patient or caregiver cultivators, certifications, and facility licenses:

Two Investigator III positions (A25, $41,184, Step G) – these positions will investigate all instances/complaints of possible fraud or negligence on the behalf of a recommending physician, a registered patient and/or caregiver, a cultivator, or a medical marijuana facility. With a new program of this size and the legalization of something that remains illegal for the majority of the population, it is anticipated that they will receive a fair number of calls reporting instances of possible violations. While two is estimated for purposes of this fiscal

note, it may be necessary to add additional staff after the program is operational for some time. The additional costs remain unknown.

Two Grain Inspector IV positions (A23, $38,304, Step G) – these positions will complete the onsite inspections of the medical marijuana cultivation facilities to monitor compliance with the specific requirements outlined in the proposed amendment and rules that need to be met for initial and continued licensure of a facility. These positions will also be responsible for certifying the cultivation facilities as transportation entities. This specialty position was chosen because the most technical piece involves the process of testing plants for molds, mildew, and pesticides and making sure the facilities are dealing with these issues in a proper way.

One Grain Inspector Compliance Coordinator (A28, $46,056, Step G) – this position coordinates and supervises the work of the Grain Inspector positions; ensuring inspections are completed consistently and timely. This position will also provide technical assistance to the inspectors and make final action decisions/recommendations for problem inspections.

Four Environmental Public Health Specialist IV positions (A27, $44,352, Step G) – these positions will complete the onsite inspections of the medical marijuana dispensing and the medical-marijuana infused-products manufacturing facilities to monitor compliance with the specific requirements outlined in the proposed amendment and rules that need to be met for initial and continued licensure of a facility. These positions will also be responsible for certifying the manufacturing facilities as transportation entities. This specialty position was chosen because the most technical piece involves ensuring sanitation requirements are met and the infused-products are labeled and packaged correctly.

One Environmental Public Health Specialist V position (A28, $46,056, Step G) – this position coordinates and supervises the work of the EPHS IV positions; ensuring inspections are completed consistently and timely. This position also provides technical assistance to the environmental specialists and makes final action decisions/recommendations for problem inspections.

One Health Facilities Consultant (A29, $48,852, Step H) – this position will complete the inspections of the Medical Marijuana Testing Facilities in order to monitor compliance with the specific requirements needed to obtain and maintain certification. This position will also provide technical assistance to the testing facilities to assist with obtaining and maintaining the certification. This specialty position was chosen as this classification currently completes the inspections of other medical laboratories certified by the state.

49 Senior Office Support Assistant (SOSA) positions (A12, $26,340, Step F) – duties will include processing of paper applications to include opening and date stamping of mail, entry of application information into the electronic registry, initial verification of applicant and physician identification, initial application review to include determination of application approval or denial (including incomplete status), preparation of patient and caregiver identification cards, preparation of patient/caregiver cultivation identification cards, initial processing of medical marijuana facility applications, preparation of identification cards for

all owners and employees of the medical marijuana facility licensees, processing revoked cards, and answering of phones and assisting telephone callers.

24 Health Program Representative II (HPR II) positions (A21, $35,640, Step G) – duties will include supervision of the SOSA positions and quality assurance checks of the application entry and initial verification completed by the SOSAs. This position will have responsibility for final approval of application incomplete notices, rejects, revocations, and card issuances. This position will ensure application process deadlines as mandated by proposed amendment are met. This position will also verify all registrations of owners and employees associated with the licensed medical marijuana facilities, including coordination with the Inspectors and Environmental Public Health Specialists for final issuance of facility licenses.

For fiscal note purposes they calculated 45 minutes per patient and caregiver application and 45 minutes per patient or caregiver cultivation application.

197,445 (184,596 patient and caregiver apps + 12,849 cultivation apps) X .75/hour / 2,080 hours per year per staff = 71.2 staff (round to 71 staff).

They calculated 14 hours for the processing of a dispensing facility license application and 15 hours for the processing of the cultivation and manufacturing facility license (additional hour for processing transportation certification application).

(192 dispensing facilities x 14 hours) + (61 cultivation facilities x 15 hours) + (87 infused products manufacturing facilities x 15 hours) = 4,908 total hours/divided by 2,080 hrs/year per staff = 2.4 staff (round to 2 staff). This is a total of 73 processing staff (SOSA and HPR II positions).

Printing Costs

They will print individual identification cards for the qualified patient, caregiver, patient or caregiver cultivation identification card, and identification cards for each owner, board member, employee of the licensed facilities. The cards are encoded with a magnetic stripe for security and linkage to the IT system for dispensing purposes. DCPH will purchase a card delivery system with the ability to print the card with the magnetic stripe, attach the card to a personalized letter, and secure in an envelope ready for mailing. The initial cost of the card delivery system is estimated at $277,000. In addition there will be an annual equipment preventative maintenance fee of $34,000. The average supply cost to print each card is $0.59/card.

They are estimating the number of identification cards to be printed each year per facility licensed to be 25 for a cultivation facility, 10 for a dispensing facility, and 25 for a manufacturing facility. (61 cultivation facilities x 25 = 1,525 cards, 192 dispensing facilities x 10 = 1,920 cards, 87 manufacturing facilities x 25 = 2,175 cards) License certificates will be printed for each facility on special certificate paper (heat sensitive ink background) provided by state printing at a cost of approximately $200 per 1,000 pieces of

certificate paper. The license certificates and identification cards for facilities will not be produced until FY 2020 when the facility becomes licensed.

DCPH will print 100,000 brochures each year the program is operational at a cost of $0.06 per brochure. This brochure will provide the public with information about the medical cannabis program and assistance in completing a valid registration.

FY 2019

- 100,000 brochures ($0.06 per brochure) = $6,000

FY 2020

- 184,596 patient and caregiver cards + 12,849 cultivation cards + 1,525 identification cards for cultivation facilities, 1,920 identification cards for dispensing facilities + 2,175 for manufacturing facilities = 203,065 cards x $0.59 per card/print supplies = $119,808
- 492 Certificates for facility licenses and certifications ($200/1,000) = $200
- 100,000 brochures ($0.06 per brochure) = $6,000

Mailing Costs

Each qualifying patient and primary caregiver will receive his/her card in the mail. If the patient or caregiver applied for a cultivation identification card, that card will be mailed separately. Each licensed facility will be mailed a copy of their license and identification cards. It is estimated that 10 percent of the registered participants, caregivers and patient/caregiver cultivators will submit a change request to their application requiring a change notification receipt by mailing. It is projected that five percent of all applications will be incomplete and requires mailing of an incomplete notice. It is also projected that 25 percent of the printed brochures (25,000) along with paper applications will be mailed to the public upon request. The other printed brochures will be available for distribution at conferences and other public venues.

Projected mailings are as follows:

	FY 2018	FY 2019	FY 2020
Patient and Caregiver ID Cards	0	0	184,596
Cultivation ID Cards	0	0	12,849
Facility Certificates	0	0	492
Facility Identification Cards	0	0	5,620
Change Request Notifications	0	0	17,774
Incomplete Notifications	0	0	8,887
Brochures/app mailed	0	25,000	25,000
Total mailings	**0**	**25,000**	**255,218**

FY 2019

- 25,000 envelopes ($41 per 1,000) = 25 X $41 = $1,025
- Postage (25,000 x $0.39/postage rate) = $9,750

FY 2020

- 255,218 envelopes ($41 per 1,000) = 256 X $41 = $10,496
- Postage (255,218 x $0.39/postage rate) = $99,535

Criminal Records Check

Section 1.3.(2)(h) suggests that individual identification cards for owners, officers, managers, contractors, employees and other support staff of the licensed facilities shall include a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544. Section 1.7(2) states no licensed facility shall have an owner, officer, manager, contractor, employee or other support staff with a disqualifying felony offense. They assumes that as part of the facility license application, the facilities would need to submit a current finger print based criminal record report as would be promulgated in rule. Therefore, they assume no cost for obtaining the fingerprint check.

Information Technology Services Division (ITSD)

Application Storage Costs

In order to manage the final storage of paper applications submitted, Content Manager for electronic scanning and storage will be utilized. The costs for Content Manager are estimated at $132 per month for the state data server costs, $234 for an annual license for each user who needs to view files and $828 for an annual license for each position with ability to scan/import documents. Content Manager services will not be acquired until FY 2020.

Information Systems Development

Estimating a 12 month project duration with a project team consisting of 4 IT Consultants. Applications will be received as paper submissions to the department. System will print licenses and identification cards for physical delivery to the applicant. The system will be hosted in the State Data Center (SDC) on existing virtual servers. Disk space has been estimated at 50 GB for Development and Test with 150 GB estimated for Production. While we have estimated for a system build it is possible COTS solutions are available at a similar cost. Estimated costs are detailed above in the ITSD-DHSS table.

Division of Administration

DHSS-DA assumes one Accounting Clerk can process 30,000 receipt transactions per year. An Accounting Generalist I/II would be needed to supervise for every five Account Clerks.

Accounting Clerk (A12, $26,340, Step F) duties would include:

- Open and sort mail;
- Process and enter receipts in the department computer system;
- Prepare bank deposits and cash receipts documents;
- Reconcile daily receipts;
- Distribute supporting documentation program.

Accounting Generalist I/II (A25, $41,184, Step G) duties would include:

- Supervise and review the work of Accounting Clerks who are processing the fees.

Each application and license would have a fee transaction.

FY2019	FY2020	Transaction
0	184,596	Patient & Caregiver Application
0	12,849	Patient & Caregiver Cultivation Application
30	92	Cultivation Facility Application
96	288	Dispensing Facility Application
43	131	Manufacturing Facility Application
0	152	Certifications
169	198,108	Total Number of Transactions
	6.00 FTE	Accounting Clerk
	1.00 FTE	Accounting Generalist I/II

Office of General Counsel

Legal Counsel ($50,000)

One full-time attorney would be needed to assist in drafting emergency and proposed regulations and forms; perform legal research and provide day-to-day legal counsel to the program; and represent the department in appeals of licensure and identification card denials.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated their department would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated a fiscal impact of $11,229 in fiscal year 2019, $35,262 in fiscal year 2020, $67,160 in fiscal year 2025 and thereafter.

Results of studies at this time show conflicting results on the criminal impacts of current medical marijuana laws. However, with the increased licensing and regulation there are also increased possibilities of secondary crimes through false physician recommendations, non-compliance in registration, illegal possession, vehicular infractions or injury, and theft. While many of these violations may carry only municipal or licensing level penalties, some would ultimately fall under felony charges.

Current laws provide for class C felony penalties for possession (Section 195.202) and class B felony for distribution and production of controlled substances (Section 195.211). Considering additional increases in related violations, proposed changes in this bill are expected to result in one new class B felony serving two years in prison and five years

parole, one class C felony serving one year in prison with four years parole, and two new probations serving three years.

In addition, this proposal would be impactful to their department in that we currently test our staff for marijuana use and discipline accordingly. If our staff were to live in a household, or visit another person, who is legally using medical marijuana they would then be exposed to second-hand smoke and would likely test positive themselves. There would be no way for us to determine which of our staff are innocently exposed from those who are abusing this substance illegally.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated total fund costs for General Revenue will be $242,855 for fiscal year 2018, $124,921 for fiscal year 2019, and $126,460 for fiscal year 2020, which includes information technology (IT) related costs of $150,012 for fiscal year 2018, $30,752 for fiscal year 2019, and $31,521 for fiscal year 2020 for IT consultants.

This legislation increases total state revenue by an unknown amount from the sales tax collected on the sale of medical marijuana.

Section 4
The legislation levies a four percent tax on the retail sale of medical marijuana by Medical Marijuana Dispensary Facilities. Their department may retain up to five percent for the cost of collection. The petition creates the Missouri Veterans' Health and Care Fund. The Commissioner of Administration may make cash operating transfers to the fund to meet cash requirements in advance of receiving revenues. The tax levied by this section is separate and in addition to any general state and local sales tax that applies to retail sales. Because their department not have enforcement responsibilities, it may make more sense for the taxes to be paid to the Department of Health and Senior Services and then sent to their department for deposit into the fund.

Administrative Impact:

Collections & Tax Assistance:
This section will see additional registrations, registration phone calls, business tax account update requests, and delinquent phone contacts from the additional businesses registering to collect sales tax on medical marijuana. Collections and Tax Assistance requires two (2) Revenue Processing Technicians I (Range 10, Step L) per 24,000 additional contacts to the registration section and 15,000 contacts annually on the delinquent tax line. Each technician requires CARES equipment.

Business Tax Processing:
Although the legislation bases the four percent tax on the retail selling price, it is separate from sales and use tax. This tax needs to be reported and deposited separately from sales

and use tax. This would require new reporting forms and a new program to track and distribute receipts. This will include a new program within the Integrated Tax System.

Officials from the **Department of Public Safety - Office of Director and the Division of Alcohol and Tobacco Control** each indicated they see no fiscal impact due to this initiative petition.

Officials from the **Missouri State Highway Patrol** indicated for the Criminal Records Fund estimated revenue of $179,040 and estimated costs of $67,140 for fiscal year 2018, unknown impact for fiscal year 2019, and unknown impact for fiscal year 2020.

For each fingerprint-based background check processed, the state retains the $20 state fee and $2 of the federal charge for a pass-thru fee.

The proposed legislation would allow medical marijuana for medical use and provide that it shall be taxed at four percent of the retail price.

According to the 2015 United States Census Bureau's census estimate, Missouri's population was 6,083,672. Based on this total, the number of Cultivation Facilities, Dispensary Facilities, and Infused Products Manufacturing Facilities is as follows:

Cultivation Facilities
Assuming a limit is set at the minimum of 1 facility per 100,000 inhabitants per the proposed amendment, 60 licenses for cultivation facilities may be issued. Further estimating an average of 25 employees per facility, the total number of criminal record checks for employees, owners etc. of Cultivation Facilities equals 1,500 (60 x 25).

Dispensing Facilities
Assuming the maximum number of licenses that will be issued in each of the eight United States Congressional Districts in the state of Missouri is 24, the maximum number of licenses issued for Dispensing facilities equals 192 (24 x 8). Further estimating 10 employees per facility, the total number of criminal record checks for employees, owners etc. of Dispensary Facilities equals 1,920 (192 x 10).

Infused Products Manufacturing Facilities
Assuming a limit is set at the minimum of 1 facility per 70,000 inhabitants (per the proposed constitutional amendment) the number of facilities would equal 87 (6,083,672 / 70,000). Further estimating an average of 25 employees per facility, the total number of criminal record checks for employees, owners, etc. of Cultivation Facilities equals 2,175 (87 x 25).

The estimated number of state and federal fingerprint-based criminal record checks estimated to be generated with the passage of this amendment is 5,595 (1,500 for Cultivation Facilities; 1,920 - Dispensing Facilities; 2,175 - Infused Products Manufacturing Facilities).

The charge for each background check processed is $40.30. Twenty dollars for the state fingerprint check, $12 for the federal check, and an $8.30 charge for the statewide applicant fingerprinting contractor fee ($20 + $12 + 8.30 = $40.30). Of this amount, the state retains the $20 fee and $2 of the federal charge of $12 for a pass-thru fee. The $8.30 charge is paid directly to the vendor at the time of application.

Estimated Revenue FY18
5,595 x $32 (state/federal background check) $179,040

Estimated Expense FY18
5,595 x $12 (federal background check charge) $67,140

Subsequent yearly background checks will be based on turnover.

Estimated Revenue FY19 and beyond
??? x $32 (state/federal background check)

Estimated Expense FY19 and beyond
??? x $12 (federal background check charge)

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no added costs or savings to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this proposal could have an impact on their medical plan.

Officials from the **Office of Administration** (OA) indicated:

Article XVI, Section 1 through Section 3 allows the Department of Health and Senior Services (DHSS) to grant or refuse state licenses for the cultivation, manufacture, distribution, and sale of marijuana for medical use. This authority includes the creation and imposition of administrative penalties; however, no actual amounts are given.

The article establishes facility license fees for medical marijuana cultivation facilities, medical marijuana dispensary facilities, and medical marijuana-infused products manufacturing facilities. Table 1 outlines the fees and renewal periods by facility license type. In addition to facility fees, Section 3 creates certifications for a seed-to-sale system, transportation, and medical marijuana testing facilities. DHSS is allowed to charge up to

$5,000 per certification and must certify at least two seed-to-sale tracking systems and two testing facilities; however, no minimum requirement was listed for the transportation of medical marijuana.

Table 1: Facility License and Annual Fees					
Section	**Facility License Type**	**License Fee* Years 1-3**	**License Fee* Years 3+**	**Annual Fee***	**Renewal Period**
3 (8)	medical marijuana cultivation facilities	$10,000	$5,000	$25,000	Every 3 years
3 (9)	medical marijuana dispensary facilities	$6,000	$3,000	$10,000	Every 3 years
3 (10)	medical marijuana-infused products manufacturing facilities	$6,000	$3,000	$10,000	Every 3 years

**License fees and annual fees shall be adjusted each year in accordance with the Consumer Price Index as published by the U.S. Department of Labor.*

Section 3 (12) allows qualifying patients, or his or her primary caregiver, to obtain an identification card allowing for personal cultivation of up to six flowering marijuana plants. Section 3 (19) and Section 3 (20) establish identification cards for qualifying patients of medical marijuana and primary caregivers. Table 2 outlines the fees and renewal periods for the different identification cards.

Table 2: Identification Fees			
Section	**Identification Type**	**Fee***	**Renewal Period**
3 (12)	Personal Cultivation I.D. Card	$100	annually
3 (19)	Qualifying Patient - Identification card	$25	annually
3 (20)	Primary Caregiver - Identification card	$25	annually

**License fees and annual fees shall be adjusted each year in accordance with the Consumer Price Index as published by the U.S. Department of Labor.*

Section 3 (15) states that DHSS may restrict the number of licenses for medical marijuana cultivation facilities; however, the number may not be limited to less than one license per one hundred thousand inhabitants of Missouri. Section 3 (16) states that DHSS may restrict the number of licenses for marijuana-infused products manufacturing facilities; however, the number may not be limited to less than one license per seventy thousand inhabitants of Missouri. Section 3 (17) states that DHSS may limit the number of dispensary facilities to twenty-four licenses in each United States Congressional district. Table 3 outlines the facility count limits and estimates what the facility counts would be, based on 2010 U.S. Census data, should these limits be implemented. Once the minimum number of facilities has been established, any decrease in the number of inhabitants within Missouri, or changes to the number or boundaries of the Congressional Districts, shall have no impact to the established minimum number of licenses allowed by the article.

Table 3: Facility Count Limits			
Section	**Facility Type**	**Minimum Limit**	**Facility Count**
3 (13)	cultivation facilities	1 per 100,000	75
3 (14)	marijuana-infused products manufacturing facilities	1 per 70,000	120
7 (4)	medical marijuana dispensaries	24 per U.S. Congressional District	237

Section 4 (1) creates a 4% sales tax on the retail sale of marijuana for medical use sold at medical dispensary facilities within the state. Revenues from this tax shall be paid to the Department of Revenue (DOR). DOR may retain up to five-percent for collection costs. The remainder shall be deposited in the Missouri Veterans' Health and Care Fund.

Section 4 (2) creates the Missouri Veterans' Health and Care Fund in the state treasury which will consist of taxes and fees collected under this section. This fund shall be a dedicated fund and shall stand appropriated without further legislative action. DHSS shall be appropriated an amount necessary to carry out this section. The remainder shall be transferred to the Missouri Veterans' Commission for health and care services for military veterans.

Section 9 states that the effective date of Article XVI would be December 6, 2018. However, B&P estimates that revenue generation would not begin until at least June 2019 for patients and July 2019 for facilities given the provisions in Section 3.

Using data from Arizona, which has a similar medical marijuana law, B&P estimates that up to 65,547 patients and caregivers could utilize this bill. Of these, up to 2,000 may gain approval for personal cultivation. B&P estimates that annual fees for patients, caregivers, and personal cultivation could generate approximately $1.4M annually by FY 2021, assuming growth is similar to that seen with the Arizona medical marijuana program.

B&P estimates that license fees for medical marijuana facilities could generate approximately $2.3M in FY 2020, and $1.1M every three years thereafter. The initiative petition does not specify whether these facilities would pay the annual fee and a license renewal fee every three years. Therefore, B&P assumes that both would need to be paid in the third year of a license. Table 4 outlines the revenues from the license and annual fees.

Table 4: License and Annual Fees by Patient and Facility Type					
Patient and Facility Type	**Revenue Generated by License Fees**				
	FY 2019	**FY 2020***	**FY 2021***	**FY 2022***	**FY 2023***
Patients and Caregivers**	$87,000	$1,046,000	$1,186,000	$1,704,000	$1,737,000
Personal Cultivation**	$17,000	$200,000	$204,000	$208,000	$212,000
Cultivation Facilities^		$600,000	$1,531,000	$1,561,000	$1,905,000
Infused Product Manufacturer^		$516,000	$879,000	$896,000	$1,183,000
Dispensary^		$1,152,000	$1,962,000	$2,000,000	$2,642,000
Total	**$104,000**	**$3,514,000**	**$5,762,000**	**$6,369,000**	**$7,679,000**

**Assumes 2% inflation*

***Assumes growth similar to that seen in the medical marijuana program in Arizona*

^ Assumes a 1.2% turnover rate in facility licenses

Section 4 requires a four-percent sales tax to be applied to all sales of marijuana products, in addition to current state and local sales tax. Based on sales data from Arizona during 2014 of $110M and 2015 of approximately $155.7M, B&P calculates that this provision could increase TSR by $6.6M and GR by $4.7M once fully implemented. Table 5 outlines the estimated revenues from each tax and where revenues will be directed.

Table 5: Sales Tax Revenues					
Sales Tax Fund	**Revenue Generated by Sales Tax**				
	FY 2020	**FY 2020***	**FY 2021***	**FY 2022***	**FY 2023***
Missouri Veterans' Health and Care Fund		$2,200,000	$6,229,000	$6,229,000	$6,229,000
General Revenue		$1,650,000	4,672,000	4,672,000	4,672,000
Education		$550,000	$1,557,000	$1,557,000	$1,557,000
Parks, Soil, and Water		$55,000	$156,000	$156,000	$156,000
Conservation		$69,000	$195,000	$195,000	$195,000
Total	**$0**	**$4,524,000**	**$12,809,000**	**$12,809,000**	**$12,809,000**

**Based on sales data from Arizona during 2014 and 2015*

B&P estimates that all provisions in this initiative petition could increase TSR by $2.3M and GR by $1.7M in FY20. In FY21, TSR could increase by $6.6M and GR by $4.7M. This initiative petition will not impact the calculations under 18(e).

Table 6: Summary of Revenue Generated by Medical Marijuana Taxes and Fees					
Revenue Source	**Revenue Generated by License Fees**				
	FY 2019	**FY 2020**	**FY 2021***	**FY 2022***	**FY 2023***
License and Annual Fees					
*Patients and Caregivers***	0.1	1.0	1.2	1.7	1.7
Personal Cultivation**	0.0	0.2	0.2	0.2	0.2
Cultivation Facilities^		0.6	1.5	1.6	1.9
Infused Product Manufacturer^		0.5	0.9	0.9	1.2
Dispensary^		1.2	2.0	2.0	2.6
Total License and Annual Fees:	0.1	3.5	5.8	6.4	7.7
Sales Tax^^					
Missouri Veterans' Health and Care Fund		2.2	6.2	6.2	6.2
General Revenue		1.7	4.7	4.7	4.7
Education		0.6	1.6	1.6	1.6
Parks, Soil, and Water		0.1	0.2	0.2	0.2
Conservation		0.1	0.2	0.2	0.2
Total Sales Tax:		4.5	12.8	12.8	12.8
Total Revenue to Missouri Veterans' Health and Care Fund	**0.1**	**5.7**	**12.0**	**12.6**	**13.9**
Total State Revenues		**2.3**	**6.6**	**6.6**	**6.6**
Total Local Sales Tax		**2.0**	**5.7**	**5.7**	**5.7**

figures in $M

**Assumes 2% inflation*

***Assumes growth similar to that seen in the medical marijuana program in Arizona*

^ Assumes a 1.2% turnover rate in facility licenses

^^Based on sales data from Arizona during 2014 and 2015

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal

activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated sales taxes could be collected. No amount can be reasonably estimated.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition should not have a fiscal impact on local government.

Officials from **University of Missouri** indicated the University of Missouri Health Care (MUHC) has reviewed the proposed initiative petition and determined that the fiscal impact should not exceed $100,000 annually.

Officials from the **Lieutenant Governor's Office** indicated they anticipate that this initiative petition will impose little to no costs or savings on their office.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,**

the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College,** and **St. Louis Community College**.

Fiscal Note Summary

This proposal is estimated to generate annual taxes and fees of $18 million for state operating costs and veterans programs, and $6 million for local governments. Annual state operating costs are estimated to be $7 million.

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
NOV 17 2016
STATE AUDITORS OFFICE

November 17, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 285, version 12 (2018-039)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 16, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 16 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

Fifteen new sections to be known as sections 285.600, 285.603, 285.606, 285.609, 285.612, 285.615, 285.618, 285.621, 285.624, 285.627, 285.630, 285.633, 285.636, 285.639, and 285.642 are enacted to read as follows:

285.600. As used in sections 285.600 through 285.642:

(1) "Construction", includes construction, reconstruction, improvement, enlargement, alteration, painting and decorating, or major repair.

(2) "Construction industry", includes any employer whose employees conduct or perform construction as a principal component of the employer's business or enterprise.

(3) "Department", Department of Labor and Industrial Relations.

(4) "Director", Director of the Department of Labor and Industrial Relations.

(5) "Earned paid sick time", time that is compensated at the same hourly rate and with the same benefits, including health care benefits, as the employee normally earns during hours worked and is provided by an employer to an employee for the purposes described in section 285.606, but in no case shall this hourly amount be less than that provided under section 290.502.

(6) "Employee", any individual employed in this state by an employer, but does not include:

(A) Any individual engaged in the activities of an educational, charitable, religious, or nonprofit organization where the employer-employee relationship does not, in fact, exist or where the services rendered to the organization are on a voluntary basis;

(B) Any individual standing in loco parentis to foster children in their care;

(C) Any individual employed for less than four months in any year in a resident or day camp for children or youth, or any individual employed by an educational conference center operated by an educational, charitable or not-for-profit organization;

(D) Any individual engaged in the activities of an educational organization where employment by the organization is in lieu of the requirement that the individual pay the cost of tuition, housing or other educational fees of the organization or where earnings of the individual employed by the organization are credited toward the payment of the cost of tuition, housing or other educational fees of the organization;

(E) Any individual employed on or about a private residence on an occasional basis for six hours or less on each occasion;

(F) Any individual employed on a casual basis to provide baby-sitting services;

(G) Any individual employed by an employer subject to the provisions of part A of subtitle IV of title 49, United States Code, 49 U.S.C. §§ 10101 et seq.;

(H) Any individual employed on a casual or intermittent basis as a golf caddy, newsboy, or in a similar occupation;

(I) Any individual who is employed in any government position defined in 29 U.S.C. §§ 203(e)(2)(C)(i)-(ii);

(J) Any individual who is an offender, as defined in section 217.010, who is incarcerated in any correctional facility operated by the department of corrections, including offenders who provide labor or services on the grounds of such correctional facility pursuant to section 217.550; or

(K) Any individual engaged in construction work in the construction industry.

(7) "Employer", any person acting directly or indirectly in the interest of an employer in relation to an employee; provided, however, that for the purposes of sections 285.600 through 285.642, "employer" does not include the United States Government, the state, or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state.

(8) "Family member", any of the following individuals:

(A) Regardless of age, a biological, adopted or foster child, stepchild or legal ward, a child of a domestic partner, a child to whom the employee stands in loco parentis, or an individual to whom the employee stood in loco parentis when the individual was a minor;

(B) A biological, foster, stepparent or adoptive parent or legal guardian of an employee or an employee's spouse or domestic partner or an individual who stood in loco parentis when the employee or employee's spouse or domestic partner was a minor child;

(C) An individual to whom the employee is legally married under the laws of any state, or a domestic partner who is registered as such under the laws of a political subdivision;

(D) A grandparent, grandchild, or sibling (whether of a biological, foster, adoptive or step relationship) of the employee or the employee's spouse or domestic partner; or

(E) A member of the employee's household.

(9) "Health care professional," any individual licensed under Federal or State law to provide medical or emergency services, including but not limited to doctors, nurses, certified nurse midwives, and emergency room personnel.

(10) "Person", any individual, partnership, association, corporation, business, business trust, legal representative, or any organized group of persons.

(11) "Retaliatory personnel action", denial of any right guaranteed under sections 285.600 through 285.642, or any threat, discharge, suspension, demotion, reduction of hours, or any other adverse action against an employee for the exercise of any right guaranteed herein. "Retaliatory personnel action" shall also include interference with or punishment for in any manner participating in or assisting an investigation, proceeding, or hearing under sections 285.600 through 285.642.

(12) "Year", a regular and consecutive twelve-month period as determined by the employer; except that for the purposes of section 285.615 and section 285.627, "year" shall mean a calendar year.

285.603. 1. Employees of an employer with fifteen or more employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than fifty-six hours of earned paid sick time per year, unless the employer selects a higher limit.

2. Employees of an employer with fewer than fifteen employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than forty hours of earned paid sick time per year, unless the employer selects a higher limit.

3. In determining the number of employees performing work for an employer for compensation during a given week, all employees performing work for compensation on a full-time, part-time, or temporary basis shall be counted. In situations in which the number of employees who work for an employer for compensation per week fluctuates above and below fifteen employees per week over the course of the year, an employer is required to provide earned paid sick time pursuant to subsection (1) of this section if it maintained fifteen or more employees on the payroll for some portion of a day in each of twenty different calendar weeks, whether or not the weeks were consecutive, in either the current or the preceding year (irrespective of whether the same individuals were in employment in each day).

4. All employees shall accrue earned paid sick time as follows:

(A) Earned paid sick time as provided in this section shall begin to accrue at the commencement of employment or ninety days after this law goes into effect, whichever is later. An employer may provide all paid sick time that an employee is expected to accrue in a year at the beginning of the year.

(B) An employee may use earned paid sick time as it is accrued, except that an employer may require an employee hired more than ninety days after this law goes into effect to wait until the ninetieth calendar day after commencing employment before using accrued earned paid sick time, unless otherwise permitted by the employer.

(C) Employees who are exempt from overtime requirements under 29 U.S.C. § 213(a)(1) of the Federal Fair Labor Standards Act will be assumed to work forty hours in each work week for purposes of earned paid sick time accrual unless their normal work week is less than forty hours, in which case earned paid sick time accrues based upon that normal work week.

(D) Earned paid sick time shall be carried over to the following year, subject to the limitations on usage in subsections (1) and (2) of this section. Alternatively, in lieu of carryover of unused earned paid sick time from one year to the next, an employer may pay an employee for unused earned paid sick time at the end of a year and provide the employee with an amount of paid sick time that meets or exceeds the requirements of sections 285.600 through 285.642 that is available for the employee's immediate use at the beginning of the subsequent year.

(E) If an employee is transferred to a separate division, entity, or location, but remains employed by the same employer, the employee is entitled to all earned paid sick time accrued at the prior division, entity, or location and is entitled to use all earned paid sick time as provided in this section. When there is a separation from employment and the employee is rehired within nine months of separation by the same employer, previously accrued earned paid sick time that had not been used shall be reinstated. Further, the employee shall be entitled to use accrued earned paid sick time and accrue additional earned paid sick time at the re-commencement of employment.

(F) When a different employer succeeds or takes the place of an existing employer, all employees of the original employer who remain employed by the successor employer are entitled to all earned paid sick time they accrued when employed by the original employer, and are entitled to use earned paid sick time previously accrued.

(G) At its discretion, an employer may loan earned paid sick time to an employee in advance of accrual by such employee.

5. Any employer with a paid leave policy, such as a paid time off policy, who makes available an amount of paid leave sufficient to meet the accrual requirements of this section that may be used for the same purposes and under the same conditions as earned paid sick time under sections 285.600 through 285.642 is not required to provide additional paid sick time.

6. Nothing in this section shall be construed as requiring financial or other reimbursement to an employee from an employer upon the employee's termination, resignation, retirement, or other separation from employment for accrued earned paid sick time that has not been used.

285.606. 1. Earned paid sick time shall be provided to an employee by an employer for:

(A) An employee's mental or physical illness, injury, or health condition; an employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; an employee's need for preventive medical care;

(B) Care of a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; care of a family member who needs preventive medical care; or

(C) Closure of the employee's place of business by order of a public official due to a public health emergency, or an employee's need to care for a child whose school or place of care has been closed by order of a public official due to a public health emergency, or care for oneself or a family member when it has been determined by the health authorities having jurisdiction or by a health care provider that the employee's or family member's presence in the community may jeopardize the health of others because of his or her exposure to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

2. Earned paid sick time shall be provided upon the request of an employee. Such request may be made orally, in writing, by electronic means or by any other means acceptable to the employer. When possible, the request shall include the expected duration of the absence.

3. When the use of earned paid sick time is foreseeable, the employee shall make a good faith effort to provide notice of the need for such time to the employer in advance of the use of the earned paid sick time and shall make a reasonable effort to schedule the use of earned paid sick time in a manner that does not unduly disrupt the operations of the employer. Where such need is not foreseeable, an employer may require an employee to provide notice of the need for the use of earned paid sick time as soon as practicable.

4. An employer that requires notice of the need to use earned paid sick time where the need is not foreseeable shall provide a written policy that contains procedures for the employee to provide notice. An employer that has not provided to the employee a copy of its written policy for providing such notice shall not deny earned paid sick time to the employee based on non-compliance with such a policy.

5. An employer may not require, as a condition of an employee's taking earned paid sick time, that the employee search for or find a replacement worker to cover the hours during which the employee is using earned paid sick time.

6. Earned paid sick time may be used in the smaller of hourly increments or the smallest increment that the employer's payroll system uses to account for absences or use of other time.

7. For earned paid sick time of three or more consecutive work days, an employer may require reasonable documentation that the earned paid sick time has been used for a purpose covered by subsection (1) of this section. Documentation signed by a heath care professional indicating that earned paid sick time is necessary shall be considered reasonable documentation for purposes of this section. An employer may not require that the documentation explain the nature of the illness unless otherwise required by law.

285.609. 1. It shall be unlawful for an employer or any other person to interfere with, restrain, or deny the exercise of, or the attempt to exercise, any right protected under sections 285.600 through 285.642.

2. An employer shall not take retaliatory personnel action or discriminate against an employee or former employee because he or she has exercised rights protected under sections 285.600 through 285.642. Such rights include, but are not limited to, the right to request or use earned paid sick time pursuant to sections 285.600 through 285.642; the right to file a complaint or inform any person about any employer's alleged violation of sections 285.600 through 285.642; the right to participate in an investigation, hearing, or proceeding or cooperate with or assist the Department in any investigations of alleged violations of sections 285.600 through 285.642; and the right to inform any person of his or her potential rights under sections 285.600 through 285.642.

3. It shall be unlawful for an employer's absence control policy to count earned paid sick time taken under sections 285.600 through 285.642 as an absence that may lead to or result in discipline, discharge, demotion, suspension, or any other adverse action.

4. Protections of this section shall apply to any individual who mistakenly but in good faith alleges violations of sections 285.600 through 285.642.

285.612. 1. Employers shall give employees written notice of the following at the commencement of employment or by ninety days after this law goes into effect, whichever is later: employees are entitled to earned paid sick time and the amount of earned paid sick time, the terms of its use guaranteed under sections 285.600 through 285.642, that retaliatory personnel action against employees who request or use earned paid sick time is prohibited, that each employee has the right to bring a civil action if earned paid sick time as required by sections 285.600 through 285.642 is denied by the employer or the employee is subjected to retaliatory personnel action for requesting or taking earned paid sick time, and, if applicable, the contact information for the Department where questions about rights and responsibilities under sections 285.600 through 285.642 may be answered.

2. Employers shall display a poster that contains the information required in subsection (1) of this section in a conspicuous and accessible place in each establishment where such employees are employed, provided that such poster has been provided by the Department.

3. The Department may create and make available to employers, model notices and posters that contain the information required under subsection (1) of this section for employers' use in complying with subsections (1)

and (2) of this section. Nothing in this subsection shall be interpreted or applied, either expressly or through practical necessity, to require the Department to create or make available notices or posters if it requires the appropriation of funds to cover the costs of such acts.

285.615. 1. Employers shall retain records documenting hours worked by employees and earned paid sick time taken by employees, for a period of not less than three years, and shall allow the Department access to such records, with appropriate notice and at a mutually agreeable time, to monitor compliance with the requirements of sections 285.600 through 285.642.

2. To the extent permitted by law, the Director may inspect such records, and the records shall be open for inspection by the Director by appointment. Where the records required under this section are kept outside the state, the records shall be made available to the Director upon demand. Every such employer shall furnish to the Director on demand a sworn statement of time records and information upon forms prescribed or approved by the Director. All the records and information obtained by the Department are confidential and shall be disclosed only on order of a court of competent jurisdiction.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department or Director to access or inspect records or to create forms relating to the inspection of records if it requires the appropriation of funds to cover the costs of such acts.

285.618. 1. The Department may, in accordance with chapter 536, promulgate rules to implement the provisions of sections 285.600 through 285.642. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2018, shall be invalid and void.

2. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the promulgation or adoption of rules if it requires the appropriation of funds to cover the costs of such acts.

285.621. 1. To the extent permitted by law, the Department may investigate and ascertain compliance with sections 285.600 through 285.642, establish and implement a system to receive complaints regarding non-compliance with sections 285.600 through 285.642 and to investigate and attempt to resolve complaints through mediation between the complainant and the subject of the complaint, and establish additional means of enforcement to the extent permitted by the law.

2. The Department may develop and implement an outreach program to inform employees, parents, and persons who are under the care of a health care provider about the availability of earned paid sick time under sections 285.600 through 285.642. This program may include the distribution of notices and other written materials to child care and elder care providers, domestic violence shelters, schools, hospitals, community health centers and other health care providers in Missouri.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department to conduct investigations and ascertain compliance with sections 285.600 through 285.642, to establish and implement a system to receive or resolve complaints, to establish additional means of enforcement, or to conduct outreach and education, including the creation of notices and other written materials, concerning sections 285.600 through 285.642, if it requires the appropriation of funds to cover the costs of such acts.

285.624. 1. To the extent permitted by law, any employer who violates or fails to comply with any of the provisions and requirements of sections 285.600 through 285.642 shall be guilty of a class C misdemeanor and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for violation of a class C misdemeanor; provided, however, that an employer who willfully violates the notice and posting requirements of section 285.612 shall be guilty of an infraction and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for an infraction.

2. For purposes of this section, each day of violation or failure to comply and each employee affected shall constitute a separate offense.

285.627. 1. Any individual who claims to have been aggrieved by a failure of an employer to comply with any portion of sections 285.600 through 285.642, including but not limited to the failure to provide earned paid sick time or to allow employees to use such time consistent with sections 285.600 through 285.642, or who claims to have suffered a retaliatory personnel action, shall have a right of action and may commence a civil action in the appropriate court of jurisdiction within three years of the accrual of the cause of action, to obtain appropriate relief with respect to such unlawful violation.

2. In a civil action under this section, if the court finds a violation has occurred, the court may grant as relief, as it deems appropriate and to the extent permitted by law, any permanent or temporary injunction, the full amount of any unpaid earned sick time plus any actual damages suffered as the result of the employer's violation of sections 285.600 through 285.642, an additional amount equal to twice any unpaid earned sick time as liquidated damages, costs, and reasonable attorney's fees as may be allowed by the court, and other legal or equitable relief as may be appropriate to remedy the violation, including, without limitation, reinstatement to

employment and back pay. Any agreement between the employee and the employer to waive the protections of sections 285.600 through 285.642 shall be no defense to the action.

285.630. 1. Except as otherwise required by law, an employer may not require disclosure of details relating to an employee's or an employee's family member's health information as a condition of providing earned paid sick time under sections 285.600 through 285.642.

2. Unless as otherwise required by law, any health information possessed by an employer regarding an employee or employee's family member must:

(A) be maintained on a separate form and in a separate file from other personnel information;

(B) be treated as confidential medical records; and

(C) not be disclosed except to the affected employee or with the express written permission of the affected employee.

285.633. 1. With respect to employees covered by a valid collective bargaining agreement in effect on the effective date of sections 285.600 through 285.642, no provisions of sections 285.600 through 285.642 shall apply until the stated expiration date in the collective bargaining agreement.

2. Nothing in sections 285.600 through 285.642 shall be deemed to interfere, impede, or otherwise diminish the right of employees to bargain collectively through representatives of their own choosing.

285.636. 1. Nothing in sections 285.600 through 285.642 shall be construed to discourage or prohibit an employer from the adoption or retention of an earned paid sick time policy more generous than the one required herein.

2. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the obligation of an employer to comply with any contract, collective bargaining agreement, employment benefit plan, or other agreement providing more generous paid sick time to an employee than required herein. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the rights of public employees regarding paid sick time or use of paid sick time as provided in the laws of Missouri pertaining to public employees.

285.639. 1. Sections 285.600 through 285.642 provide minimum requirements pertaining to earned paid sick time and shall not be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, requirement, policy, or standard that provides for greater accrual or use by employees of earned paid sick time or that extends other protections to employees.

2. Nothing in sections 285.600 through 285.642 shall be interpreted or applied to create a power or obligation contrary to any federal law, rule, or regulation.

285.642. Except as detailed in section 285.618, all of the provisions of sections 285.600 through 285.642 are severable, and if any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 285.600 through 285.642 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application, and to this end the provisions of sections 285.600 through 285.642 are declared severable.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-039)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 285 of the Revised Statutes of Missouri. (Received November 17, 2016)

Date

December 7, 2016

Description

This proposal would amend Chapter 285 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Lottery,** the **Public Service Commission,** the **State Tax Commission,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Veterans Commission,** the **Missouri Ethics Commission,** the **Missouri Office of Prosecution Services,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St.**

Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** the **Lieutenant Governor's office,** the **Children's Trust Fund,** the **Missouri Joint Municipal Electric Utility Commission,** the **State Auditor's office, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and Missouri Jobs with Justice Voter Action provided information as proponents of the proposal to the State Auditor's office.

Officials from the **Attorney General's office** indicated various provisions of the proposal authorize their department to promulgate rules, establish mediation procedures "and additional means of enforcement… ." They assume that their office may provide some review of proposals, but assume that any potential costs arising from this proposal can be absorbed with existing resources. They may seek additional appropriations if there is an increased review of rules in later years.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will be deferring to the Office of Administration and the Department of Labor and Industrial Relations regarding any fiscal impact this initiative petition might have.

Officials from the **Department of Higher Education** indicated the state, including departments, are exempt from the definition of "employer," so this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated there is no fiscal impact to their department as a result of this initiative petition. Section 285.600 (5) indicates "for the purposes of sections 285.600 through 285.642 "employer" does not include the United States Government, the state, …., including a department, agency, …."

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated they expect no change in revenues or expenses in fiscal years 2017, 2018, and 2019.

The petition, if passed by voters, would require businesses with 15 or more employees to provide paid sick time. It also would allow their department to educate employers, take complaints, and perform investigations of violations of the new law.

The long-range fiscal implications are the same as those of the estimate period.

Under the new language, they may educate employers and employees, promulgate rules, take complaints, and conduct investigations of alleged violations of the new provisions. They believe the education, registration of complaints, and investigations would be conducted in a manner similar to those conducted under the Minimum Wage program. Using employer information from the United States Census Bureau for employers with more than ten employees, they estimate that it would receive complaints from 1.5% of the estimated 40,886 businesses with 10 or more employees, or 613 complaints annually. (The Census Bureau does not break employers at the 15 or more level.) To investigate these 613 complaints, they would require 3.50 Wage & Hour Investigator I/IIs. In FY 2016, 578 complaints were closed by 3.50 Investigators, averaging 165 per FTE. Using this calculation, they estimate it would need 3.50 FTE and the standard per FTE expenses and equipment to complete these activities.

However, Sections 285.612, 285.615, 285.618, and 285.621 expressly state that they are not required to take on the new duties it is authorized to perform under this proposal if doing so will require an appropriation to cover the costs of performing the duties. Because these duties are optional and are not required of their department, if there is no appropriation made to cover the cost, they estimate no mandated fiscal impact for this proposal.

Officials from the **Department of Revenue** indicated they defer this fiscal note to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they will defer to the Office of Administration response to this petition.

Officials from the **Department of Social Services** indicated they will defer to the Office of Administration response to this petition. They indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no fiscal impact to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated:

This initiative petition adds 15 new sections to Chapter 285 related to sick leave.

Under this proposal, employers would be required to provide paid sick leave to employees. The amount would be dependent upon the number of employees. It does not include employees covered under a valid collective bargaining agreement and it provides employees with an avenue of recourse if the employee claims to be aggrieved.

The State of Missouri is excluded from the provisions of this proposal, therefore there would be no statewide impact related to this proposal other than potentially higher costs for services purchased by the state. However, the Department of Labor and Industrial Relations (DOLIR) will be impacted. Budget and Planning defers to the DOLIR for the specific impact to that agency.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office, as they are an independent department within state government and by definition state employees are exempt from this proposed legislation.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated expect no significant impact on their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted because cities are not employers. An indirect cost to cities may arise through increased labor costs of those vendors contracting with the city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition could have a fiscal impact on local government.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined that for benefit eligible employees (defined as working .75 or >) that it does not appear that the proposed legislation as written would create a significant fiscal impact to their university.

Officials from the **Missouri Lottery** indicated no fiscal impact to their agency.

Officials from the **Public Service Commission** indicated no fiscal impact on their agency.

Officials from the **State Tax Commission** indicated this initiative petition pertaining to sick leave in Chapter 285 does not directly impact their office. As a state agency this matter is under the direction of Office of Administration, Division of Personnel.

Officials from the **Missouri Veterans Commission** indicated no fiscal impact to their agency.

Officials from the **Missouri Office of Prosecution Services** indicated no measurable fiscal impact to their office.

Officials from the **Kansas City Boards of Election Commissioners** indicated there is no fiscal impact with amendments to Chapter 285, Versions 1 -12, since the State is not responsible for costs associated with the November 2018 election.

Officials from the **Platte County Board of Elections** indicated the proposed initiative would have no fiscal impact on their office.

Officials from the **Jackson County Election Board** indicated no fiscal impact on their office.

Officials from the **Lieutenant Governor's office** indicated it is anticipated that this initiative petition will impose little to no costs or savings on their office.

Officials from the **Children's Trust Fund** indicated they are part of the Office of Administration and thus will be covered by the Office of Administration's official response. They will not be responding separately.

Officials from the **Missouri Joint Municipal Electric Utility Commission** indicated:

The Missouri Association of Municipal Utilities represents approximately 120 cities in Missouri providing utility services to their customer/owners. They do not represent cities in their general business operation. That representation is undertaken by the Missouri Municipal League and its executive director Dan Ross.

Based on a review of each of the 12 versions it appears that there would be no direct cost to any of their cities since the framers of the amendment specifically excluded cities from the definition of employers and city employees from coverage of the proposed changes.

However, it is possible that cities may experience some increases in the cost of goods and services consumed in the regular course of business as a result of higher labor input costs. It is impossible to accurately predict those increases other than to make you aware of the potential.

Officials from the **State Auditor's office** indicated there is no fiscal impact for their office.

Officials from **University of Central Missouri** indicated if they are included in the definition of "employer" that would be impacted by this legislation, they would have an additional cost of roughly $340,000. In fiscal year 2016, part-time employees worked nearly 679,000 hours. If each 30 hours resulted in one sick time hour, that would be 22,634 hours. At an average rate of $15/hour, that would have a fiscal impact of $340,000.

If the definition of employer is interpreted to exclude UCM because of its status as a state agency, then there would be no fiscal impact.

Officials from **Missouri State University** indicated no fiscal impact on their university.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Lara Granich and Missouri Jobs with Justice Voter Action provided the following information as proponents of this initiative petition.

November 28, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Earned Sick Time Petitions
Petitions numbered by MO SOS at 2018-28 to 2018-39

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Earned Sick Time Petitions.

This analysis uses data collected by the U.S. Bureau of Labor Statistics, the Centers for Disease Control and Prevention, and the U.S. Census Bureau to evaluate the impact of earned sick time laws in Missouri. This analysis uses findings from previous peer-reviewed research to estimate cost-savings associated with the proposed policies through reduced turnover, reduced spread of contagious disease in the workplace, prevention of productivity losses from employees working while sick, minimized nursing-home stays, and reduced norovirus outbreaks in nursing homes. We also address certain claims that have been made by opponents in the past.

I. Estimate of Number of Workers Affected Statewide

According to the Institute for Women's Policy Research, an estimated 1,002,116 private sector workers in Missouri, or 45.9 percent of the workforce, cannot earn a single paid sick day to use to recover from common illnesses or seek medical care.[1]

II. Direct Costs to State

As these proposed initiatives exclude public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Enforcement would be handled by existing staff at the Department of Labor.

III. Economic Literature on the Impact of Earned Sick Time on Businesses

This analysis quantifies only a subset of potential benefits, predicting a net economic benefit from both of the proposed laws. Likely additional benefits from paid sick days not quantified in this analysis include: reduced health care spending due to reduced public contagion and more timely and regular preventive care and treatment; improved economic security among families who receive pay on sick days and are less likely to be fired or disciplined for taking sick time; and improved school outcomes and reduced contagion in schools, when parents can avoid sending sick children to school or child care.

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country. There is no evidence of business closures/layoffs as a result of earned sick time laws. Both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed. In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates. 2

The Washington D.C. Auditor reported "that the Accrued Sick and Safe Leave Act did not have the economic impact of encouraging business owners to move a business from the District nor did the Act have the economic impact of discouraging business owners to locate a business in the District of Columbia."3 New York City reported that "New York City's economy has thrived since the enactment of PSL [paid sick leave]. Between January 2014 and January 2015, a period that covers the law's implementation, economic indicators were a cause for celebration, not concern as many had predicted." 4

[1] 1 Institute for Women's Policy Research & National Partnership for Women & Families. (2015, May). Workers' Access to Paid Sick Days in the States. Table 2. Retrieved 8 July 2015, from http://www.nationalpartnership.org/research-library/work-family/psd/workers-access-to-paid-sick-days-in-the-states.pdf

[2] http://iwpr.org/publications/pubs/paid-sick-days-benefit-employers-workers-and-the-economy

[3] http://www.dcauditor.org/reports/audit-accrued-sick-and-safe-leave-act-2008

[4] http://www1.nyc.gov/assets/dca/downloads/pdf/about/PaidSickLeaveLaw-FirstYearMilestones.pdf

Summary of Benefits Associated With Missouri's Proposed Earned Sick Time Law

Benefits	Firms with <50 Employees			Firms with 50+ Employees		
	Dollars	Average per-worker savings		Dollars	Average per-worker costs/savings	
BENEFITS						
Lower Turnover	$32,718,875			$146,675,016		
Reduced Flu Contagion in the Workplace	$1,334,044			$5,980,370		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Employers' Savings	**$34,052,920**	**$6.97**	**$0.21**	**$152,655,386**	**$9.44**	**$0.26**
Reduced Short-Term Nursing Home Stays	$2,415,006			$8,165,162		
Reduced Norovirus in Nursing Homes	$21,692			$93,129		
Reduced Flu Contagion	$233,249			$771,691		
Reduced Emergency Department Visits	$3,512,104			$11,619,581		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Community Savings	**$6,182,052**	**$1.26**	**$0.04**	**$20,649,564**	**$1.28**	**$0.03**

Note: "Small" firms are defined in the proposed laws at firms employing fewer than 15 employees and "Large" firms are defined as firms employing 15 or more employees.

Source: Institute for Women's Policy Research Analysis of the 2014 American Community Survey (ACS), the 2016 National Compensation Survey (NCS), the 2013-2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2010 Current Population Survey Displaced Worker, Employee Tenure, and Occupational Mobility Supplement File, and the 2014-2015 National Health Interview Survey (NHIS).

Note on Methodology

The estimates are based on analyses of the following data sets: the 2013–2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2014-2015 National Health Interview Survey (NHIS), the 2014 American Community Survey (ACS), the 2016 National Compensation Survey and the 2014 Medical Expenditure Panel Survey along with findings from previous peer-reviewed research.

This analysis was limited to only private sector workers as the proposed legislation only covers such workers. The proposed legislation does include some small exemptions for certain employees which this analysis does not account for. Excluding such workers would result in minor reductions in both the costs and benefits estimated, but general trends would remain the same. To learn more about the methodology and sources please see "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days"[5]

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,
Lara Granich
Missouri Jobs with Justice Voter Action

[5] Williams, Claudia. 2013. "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days." IWPR Publication No. B311. Washington, DC: Institute for Women's Policy Research.

INSTITUTE FOR WOMEN'S POLICY RESEARCH

Briefing Paper

www.iwpr.org

IWPR #B361 July 2016

Paid Sick Days Benefit Employers, Workers, and the Economy

Jessica Milli, PhD., Jenny Xia, and Jisun Min

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country.[1] Yet millions more still would not be paid if they need to stay at home when they are sick or need to care for a family member who is ill. As of 2014, 51 million workers lacked access to paid sick days.[2]

Research has documented many benefits of paid sick days policies for workers, businesses, and communities as a whole. These benefits would multiply substantially if more workers gained access to paid sick days. This briefing paper summarizes research on the benefits of paid sick days and the effects of paid sick days policies in places that have them.

Employers Benefit from Paid Sick Days

- **Reduced contagion in the workplace:** A 2010 survey conducted by the National Opinion Research Center found that employees without access to paid sick days are 1.5 times more likely than those with access to go to work with a contagious illness (55 percent compared with 37 percent).[3] Such "presenteeism" has serious public health consequences including flu contagion. A 2010 analysis of labor force and Centers for Disease Control data estimated that more than one in four private sector employees worked while ill with H1N1 during the 2009 H1N1 pandemic, resulting in the estimated infection of 7 million co-workers with H1N1. Work absences from illness dropped more precipitously among public sector workers than among private sector workers during the decline of the pandemic. Because employees in the public sector have greater access to paid sick days, the finding suggests that paid sick days played a role in slowing contagion and potentially in speeding recovery.[4] A 2013 study employed a model simulating influenza contagion to estimate reductions in contagion rates under a universal paid sick days policy. Using data from the American Community Survey, LandScan USA, and the U.S. Census, the study estimated that providing paid sick days would reduce workplace influenza infection in the United States by about 6 percent.[5]

- **Improved productivity:** When workers come to work sick, their productivity and performance suffer. Estimates of productivity losses vary across studies. A 1997 study polling 332 workers who had influenza-like illnesses found that workers on average reported being 46 percent less effective while ill at work.[6] A 2003 study based on interviews with more than 28,000 workers reported that on average, workers lose 1.32 hours per week of productive time due to personal health related reasons.[7] Since workers

with access to paid sick days are less likely to come to work sick and infect their co-workers,[8] paid sick days can prevent further productivity losses resulting from illness and contagion in the workplace.

- **Decreased workplace injuries:** Working while sick also puts employees at greater risk of injury on the job. A 2012 study using the 2005 through 2008 National Health Interview Survey (NHIS) found that after controlling for factors like survey year, occupational sector, firm size, region, and the availability of paid sick leave, workers with access to paid sick days are 28 percent less likely to be injured on the job than workers without this benefit.[9]

- **Decreased employee turnover:** A 2012 analysis of data collected between 2004 and 2006 through the Medical Expenditure Panel Survey (MEPS) finds that the likelihood of job separation decreases by about 25 percent when a worker has access to paid sick days, even after controlling for potential confounding factors such as workers' educational attainment, earnings, and race/ethnicity.[10] As employee turnover typically costs an employer between 10 and 30 percent of an employee's annual salary,[11] a reduction in turnover can result in significant reductions in employer costs.

Paid Sick Days Improve Public Health

- **Increased use of preventive care:** Since paid sick days can be used for doctor visits, workers with paid sick days are more likely to seek preventive care and to be screened for diseases such as cancer, which can lead to early detection and treatment. A 2012 study using 2008 National Health Interview Survey (NHIS) data finds that after controlling for sociodemographic and health-care-related factors, workers with paid sick days are significantly more likely to have had mammograms, Pap tests, and endoscopy, and to have seen a doctor during the previous year than those without the benefit.[12]

- **More timely treatment for illnesses:** Workers without paid sick days are more likely to delay medical care when they or a family member is ill which can lead to a more serious or prolonged illness.[13]A 2016 analysis of the 2013 NHIS—which controlled for demographic and health-related factors like race and ethnicity, occupation, annual family income, and health insurance coverage—indicates that workers without paid sick leave are three times more likely to forgo medical care for themselves, and 1.6 times more likely to forgo medical care for their families, compared with workers who have the benefit.[14] A 2011 analysis of the NHIS found that when they do seek care, workers without paid sick days—regardless of their educational attainment, income, race/ethnicity and other demographic characteristics—are more likely to use an emergency department for care.[15]

- **Improved family health:** Paid sick days may encourage workers to respond to their children's and family members' health needs in a timely manner, thereby improving overall health outcomes for their families. Paid sick days are a primary factor affecting whether a working parent will stay at home with a sick child rather than sending them to school or child care sick. The 2010 National Opinion Research Center Survey found that

28 percent of workers without paid sick days reported sending a sick child to school or child care, compared with 14 percent of workers with paid sick days.[16] A 2012 study analyzing the 2008 National Study of the Changing Workforce (NSCW) and controlling for worker and job characteristics finds that having paid sick days is associated with reduced work-family conflict, which lessens difficulties parents face in taking time off from work to care for a sick child.[17]

Paid Sick Days Bring Economic Benefits for Workers, Families, and Communities

- **Improved employment and earnings stability:** When incomes are not interrupted by unpaid leave, families experience greater financial stability and economic well-being. According to a 2010 poll, 16 percent of workers surveyed reported losing a job for missing work when they were sick or to care for an ill family member.[18] Research has shown that having paid sick days reduces the likelihood of a job separation by at least 25 percent.[19]

- **Improved labor force attachment among caregivers:** Informal caregivers whose work schedules are incompatible with the care needs of their family members may decrease their work hours or even leave the labor force completely.[20] One 2011 Gallup poll found that most caregivers, including parents, reported missing at least one full day of work to fulfill their caregiving duties with an average of 6.6 workdays missed per year.[21] Paid sick days, however, may provide sufficient leave to caregivers to allow them to maintain their desired level of employment while continuing to perform their caregiving work.

- **Savings from reduced utilization of hospital emergency departments and a lower monetary burden on taxpayers:** A 2011 study using the 2008 and 2009 NHIS finds that the annual number of emergency department visits per worker without paid sick days is greater than it is for those with the benefit. Using MEPS data on the cost of emergency department visits, the study estimates that a lack of paid sick days resulted in an estimated 1.3 million preventable emergency department visits every year in the United States in 2008, costing $1.1 billion more than office visits would have. Part of these costs—$500 million—were paid by public insurance programs such as Medicaid.[22]

Research Finds Benefits of Existing Paid Sick Days Laws and Minimal Costs to Employers

Since the implementation of the first paid sick days law in 2007, several studies have evaluated the impacts of the legislation, with a particular emphasis on the effects on employers. These evaluations have largely found that the overall impact on businesses was minimal. Many firms saw benefits from the policy and counted themselves as supporters after implementing it.

- **Minimal costs:** Costs to employers of providing paid sick days have been modest. In Seattle, evaluations found that the cost of providing paid sick leave in 2013 was only

about 0.4 percent of total firm revenue for the year.[23] In Connecticut, nearly half of 228 employers surveyed in 2013, a year and a half after the state's paid sick days law's implementation, reported having no increased overall cost, and 19.1 percent of employers reported an increased cost of less than 2 percent.[24] In San Francisco, the paid sick leave ordinance created additional costs for a relatively small share of employers. Six out of seven employers reported no adverse effects on profitability.[25]

- **Ease of implementation:** Research shows that paid sick days have minimal effect on business operations. Most San Francisco employers reported that implementing the Paid Sick Leave Ordinance was not difficult.[26] Likewise, about two thirds of Seattle employers reported that implementing the Paid Sick and Safe Time Ordinance was not very difficult, and 70 percent expressed support for the policy a year after implementation of the Ordinance.[27] Similarly, a large majority of Connecticut employers surveyed in 2013 indicated that the Paid Sick Leave Law did not burden business operations.[28]

- **Employees use paid sick days judiciously:** Several years after the implementation of San Francisco's paid sick days law, an IWPR survey of 1,194 workers found that employees in San Francisco used fewer than half of the sick days available under the paid sick leave ordinance.[29] Using data from the 2014 NHIS, IWPR found that most workers who do have access to paid sick days do not use any in a given year.[30] In regions that have passed paid sick day laws, surveys suggest that abuse of paid sick days is rare. Among 228 Connecticut employers surveyed by the Center for Economic and Policy Research, 86 percent reported no known cases of abuse more than a year after paid sick days was implemented.[31] A report published by the City of Seattle auditor finds that more than nine in ten Seattle employers surveyed in 2012 had never reprimanded an employee for abusing paid sick days.[32]

- **Sustained job growth and employment:** In contrast to messaging communicated by big business lobbyists prior to the laws' passage, both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed.[33] In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates.[34]

- **Improved employee morale, motivation, loyalty, and productivity**: Over a quarter of Connecticut employers reported improved morale, 12.5 percent reported increased employee motivation, 10.6 percent reported increased loyalty, and 14.9 percent reported increased productivity after implementation of the state's paid sick days law.[35]

- **Improved work life balance for employees:** A 2010 IWPR survey found that one out of four San Francisco employees reported that paid sick days enabled them to better care for their own and their families' health needs. In addition, nearly 30 percent reported that their employers were more supportive when they needed to use their leave than they were

prior to the law's passage. More than half of all San Francisco workers reported at least one benefit as a result of the ordinance.[36]

- **Reduced flu contagion in locations with paid sick day laws:** One recent study used Google Flu data from 2003 to 2015 to show that influenza-like infection rates decrease significantly when workers gain access to paid sick days. By comparing the rates of influenza-like illnesses in regions with paid sick days policies—including the District of Columbia, Connecticut, California, Massachusetts, and Oregon—with those lacking such laws, the study finds that infection rates decrease by about 10 percent when employees without coverage obtain paid sick days.[37]

Conclusion

Literature spanning the fields of public health, economics, sociology, medicine, social work, and public policy converge to reflect the health, employment, and economic benefits of paid sick days. Research suggests that more widespread implementation of paid sick days policies would have a substantial positive impact on the well-being of children, families, and communities across the United States.

Notes

[1] For a complete list of paid sick days laws and their provisions, see: A Better Balance, "Overview of Paid Sick Time Laws in the United States," <http://www.abetterbalance.org/web/images/stories/Documents/sickdays/factsheet/PSDchart.pdf> (accessed May 4, 2016).
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[7] Walter F. Stewart, Judith A. Ricci, Elsbeth Chee, and David Morganstein, "Lost Productive Work Time Costs From Health Conditions in the United States: Results From the American Productivity Audit," American College of Occupational and Environmental Medicine (December 2003) < http://www.nationalpartnership.org/research-library/work-family/psd/lost-productive-work-time-american-productivity-audit.pdf> (accessed April 26th, 2016).
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[10] Heather Hill, "Paid Sick Leave and Job Stability," *Work and Occupations* 40(2): 143-173 (2013).
[11] Heather Boushey and Sarah Jane Glynn, "There Are Significant Business Costs to Replacing Employees," Center for American Progress (November 16, 2012) <https://www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf> (accessed January 12, 2016).
[12] Lucy A. Peipins, Ashwini Soman, Zahava Berkowitz, and Mary C. White, "The lack of paid sick leave as a barrier to cancer screening and medical care-seeking: results from the National Health Interview Survey," *BMC Public Health* 12: 520 (2012).
[13] Institute of Medicine, "Care Without Coverage: Too Little, Too Late," (May 2002) <https://iom.nationalacademies.org/~/media/Files/Report%20Files/2003/Care-Without-Coverage-Too-Little-Too-Late/Uninsured2FINAL.pdf> (accessed January 12, 2016).
[14] LeaAnne De Ringe, Patricia Stoddard-Dare, and Linda Quinn, "Workers Without Paid Sick Leave Less Likely to Take Time Off For Illness Or Injury Compared To Those With Paid Sick Leave," *Health Affairs* 35(3): 520-527 (2016).
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[21] Dan Witters, "Caregiving Costs U.S. Economy $25.2 Billion in Lost Productivity," *Gallup* (July 27, 2011) <http://www.gallup.com/poll/148670/caregiving-costs-economy-billion-lost-productivity.aspx> (accessed January 12, 2016).
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[26] ibid.
[27] Jennifer Romich with Wes Bignell, Tracy Brazg, Chantel Johnson, Cori Mar, Jennifer Morton, and Chiho Song, "Implementation and Early Outcomes of the City of Seattle Paid Sick and Safe Time Ordinance," (April 23, 2014)

<http://www.seattle.gov/Documents/Departments/CityAuditor/auditreports/PSSTOUWReportwAppendices.pdf> (accessed January 12, 2016).
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Funding for this briefing paper was provided by the Ford Foundation and the Annie E. Casey Foundation.

For more information on IWPR reports or membership, please call (202) 785-5100, e-mail iwpr@iwpr.org, or visit www.iwpr.org.

The Institute for Women's Policy Research (IWPR) conducts rigorous research and disseminates its findings to address the needs of women, promote public dialogue, and strengthen families, communities, and societies. The Institute works with policymakers, scholars, and public interest groups to design, execute, and disseminate research that illuminates economic and social policy issues affecting women and their families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR's work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations and corporations. IWPR is a 501(c)(3) tax-exempt organization that also works in affiliation with the women's studies, and public policy and public administration programs at The George Washington University.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Ethics Commission,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Clay County Board of Election Commissioners, Harris-Stowe State University, Lincoln University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local governments expect no direct costs from this proposal, but indicated unknown higher costs for goods and services may result. Any change in tax revenue for state and local governments is unknown.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

November 17, 2016

RECEIVED
NOV 17 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 285, version 11 (2018-038)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 16, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 16 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
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6.					
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10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

Section 285.055 of the Revised Statutes of Missouri is amended and fifteen new sections to be known as sections 285.600, 285.603, 285.606, 285.609, 285.612, 285.615, 285.618, 285.621, 285.624, 285.627, 285.630, 285.633, 285.636, 285.639, and 285.642 are enacted to read as follows:

285.055. 1. As used in this section, the following terms shall mean:

(1) "Employee", an individual employed in this state by an employer;

(2) "Employer", any individual, sole proprietorship, partnership, limited liability company, corporation, or any other entity that is legally doing business in this state; provided, however, that employer shall not include any public employer as defined in section 285.525;

(3) "Employment benefits", anything of value that an employee may receive from an employer in addition to wages and salary. The term includes, but is not limited to, health, disability, retirement, profit-sharing, and death benefits; group accidental death and dismemberment benefits; paid or unpaid days off from work for holidays, [sick leave,] vacation, and personal necessity; and terms of employment, attendance, or leave policies; provided, however, that for purposes of this section, "employment benefits" does not include paid or unpaid days off from work for sick leave that can be used for the purposes listed in subsection (1) of section 285.606.

(4) "Political subdivision", any county, city, town, or village.

2. No political subdivision shall establish, mandate, or otherwise require an employer to provide to an employee:

(1) A minimum or living wage rate; or

(2) Employment benefits;

that exceed the requirements of federal or state laws, rules, or regulations. The provisions of this subsection shall not preempt any state law or local minimum wage ordinance requirements in effect on August 28, 2015.

285.600. As used in sections 285.600 through 285.642:

(1) "Construction", includes construction, reconstruction, improvement, enlargement, alteration, painting and decorating, or major repair.

(2) "Construction industry", includes any employer whose employees conduct or perform construction as a principal component of the employer's business or enterprise.

(3) "Department", Department of Labor and Industrial Relations.

(4) "Director", Director of the Department of Labor and Industrial Relations.

(5) "Earned paid sick time", time that is compensated at the same hourly rate and with the same benefits, including health care benefits, as the employee normally earns during hours worked and is provided by an employer to an employee for the purposes described in section 285.606, but in no case shall this hourly amount be less than that provided under section 290.502.

(6) "Employee", any individual employed in this state by an employer, but does not include:

(A) Any individual engaged in the activities of an educational, charitable, religious, or nonprofit organization where the employer-employee relationship does not, in fact, exist or where the services rendered to the organization are on a voluntary basis;

(B) Any individual standing in loco parentis to foster children in their care;

(C) Any individual employed for less than four months in any year in a resident or day camp for children or youth, or any individual employed by an educational conference center operated by an educational, charitable or not-for-profit organization;

(D) Any individual engaged in the activities of an educational organization where employment by the organization is in lieu of the requirement that the individual pay the cost of tuition, housing or other educational fees of the organization or where earnings of the individual employed by the organization are credited toward the payment of the cost of tuition, housing or other educational fees of the organization;

(E) Any individual employed on or about a private residence on an occasional basis for six hours or less on each occasion;

(F) Any individual employed on a casual basis to provide baby-sitting services;

(G) Any individual employed by an employer subject to the provisions of part A of subtitle IV of title 49, United States Code, 49 U.S.C. §§ 10101 et seq.;

(H) Any individual employed on a casual or intermittent basis as a golf caddy, newsboy, or in a similar occupation;

(I) Any individual who is employed in any government position defined in 29 U.S.C. §§ 203(e)(2)(C)(i)-(ii);

(J) Any individual who is an offender, as defined in section 217.010, who is incarcerated in any correctional facility operated by the department of corrections, including offenders who provide labor or services on the grounds of such correctional facility pursuant to section 217.550; or

(K) Any individual engaged in construction work in the construction industry.

(7) "Employer", any person acting directly or indirectly in the interest of an employer in relation to an employee; provided, however, that for the purposes of sections 285.600 through 285.642, "employer" does not include the United States Government, the state, or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state.

(8) "Family member", any of the following individuals:

(A) Regardless of age, a biological, adopted or foster child, stepchild or legal ward, a child of a domestic partner, a child to whom the employee stands in loco parentis, or an individual to whom the employee stood in loco parentis when the individual was a minor;

(B) A biological, foster, stepparent or adoptive parent or legal guardian of an employee or an employee's spouse or domestic partner or an individual who stood in loco parentis when the employee or employee's spouse or domestic partner was a minor child;

(C) An individual to whom the employee is legally married under the laws of any state, or a domestic partner who is registered as such under the laws of a political subdivision;

(D) A grandparent, grandchild, or sibling (whether of a biological, foster, adoptive or step relationship) of the employee or the employee's spouse or domestic partner; or

(E) A member of the employee's household.

(9) "Health care professional," any individual licensed under Federal or State law to provide medical or emergency services, including but not limited to doctors, nurses, certified nurse midwives, and emergency room personnel.

(10) "Person", any individual, partnership, association, corporation, business, business trust, legal representative, or any organized group of persons.

(11) "Retaliatory personnel action", denial of any right guaranteed under sections 285.600 through 285.642, or any threat, discharge, suspension, demotion, reduction of hours, or any other adverse action against an employee for the exercise of any right guaranteed herein. "Retaliatory personnel action" shall also include interference with or punishment for in any manner participating in or assisting an investigation, proceeding, or hearing under sections 285.600 through 285.642.

(12) "Year", a regular and consecutive twelve-month period as determined by the employer; except that for the purposes of section 285.615 and section 285.627, "year" shall mean a calendar year.

285.603. 1. Employees of an employer with fifteen or more employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than fifty-six hours of earned paid sick time per year, unless the employer selects a higher limit.

2. Employees of an employer with fewer than fifteen employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than forty hours of earned paid sick time per year, unless the employer selects a higher limit.

3. In determining the number of employees performing work for an employer for compensation during a given week, all employees performing work for compensation on a full-time, part-time, or temporary basis shall be counted. In situations in which the number of employees who work for an employer for compensation per week fluctuates above and below fifteen employees per week over the course of the year, an employer is required to provide earned paid sick time pursuant to subsection (1) of this section if it maintained fifteen or more employees on the payroll for some portion of a day in each of twenty different calendar weeks, whether or not the weeks were consecutive, in either the current or the preceding year (irrespective of whether the same individuals were in employment in each day).

4. All employees shall accrue earned paid sick time as follows:

(A) Earned paid sick time as provided in this section shall begin to accrue at the commencement of employment or ninety days after this law goes into effect, whichever is later. An employer may provide all paid sick time that an employee is expected to accrue in a year at the beginning of the year.

(B) An employee may use earned paid sick time as it is accrued, except that an employer may require an employee hired more than ninety days after this law goes into effect to wait until the ninetieth calendar day after commencing employment before using accrued earned paid sick time, unless otherwise permitted by the employer.

(C) Employees who are exempt from overtime requirements under 29 U.S.C. § 213(a)(1) of the Federal Fair Labor Standards Act will be assumed to work forty hours in each work week for purposes of earned paid sick time accrual unless their normal work week is less than forty hours, in which case earned paid sick time accrues based upon that normal work week.

(D) Earned paid sick time shall be carried over to the following year, subject to the limitations on usage in subsections (1) and (2) of this section. Alternatively, in lieu of carryover of unused earned paid sick time from one year to the next, an employer may pay an employee for unused earned paid sick time at the end of a year and provide the employee with an amount of paid sick time that meets or exceeds the requirements of sections 285.600 through 285.642 that is available for the employee's immediate use at the beginning of the subsequent year.

(E) If an employee is transferred to a separate division, entity, or location, but remains employed by the same employer, the employee is entitled to all earned paid sick time accrued at the prior division, entity, or location and is entitled to use all earned paid sick time as provided in this section. When there is a separation

from employment and the employee is rehired within nine months of separation by the same employer, previously accrued earned paid sick time that had not been used shall be reinstated. Further, the employee shall be entitled to use accrued earned paid sick time and accrue additional earned paid sick time at the re-commencement of employment.

(F) When a different employer succeeds or takes the place of an existing employer, all employees of the original employer who remain employed by the successor employer are entitled to all earned paid sick time they accrued when employed by the original employer, and are entitled to use earned paid sick time previously accrued.

(G) At its discretion, an employer may loan earned paid sick time to an employee in advance of accrual by such employee.

5. Any employer with a paid leave policy, such as a paid time off policy, who makes available an amount of paid leave sufficient to meet the accrual requirements of this section that may be used for the same purposes and under the same conditions as earned paid sick time under sections 285.600 through 285.642 is not required to provide additional paid sick time.

6. Nothing in this section shall be construed as requiring financial or other reimbursement to an employee from an employer upon the employee's termination, resignation, retirement, or other separation from employment for accrued earned paid sick time that has not been used.

285.606. 1. Earned paid sick time shall be provided to an employee by an employer for:

(A) An employee's mental or physical illness, injury, or health condition; an employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; an employee's need for preventive medical care;

(B) Care of a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; care of a family member who needs preventive medical care; or

(C) Closure of the employee's place of business by order of a public official due to a public health emergency, or an employee's need to care for a child whose school or place of care has been closed by order of a public official due to a public health emergency, or care for oneself or a family member when it has been determined by the health authorities having jurisdiction or by a health care provider that the employee's or family member's presence in the community may jeopardize the health of others because of his or her exposure to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

2. Earned paid sick time shall be provided upon the request of an employee. Such request may be made orally, in writing, by electronic means or by any other means acceptable to the employer. When possible, the request shall include the expected duration of the absence.

3. When the use of earned paid sick time is foreseeable, the employee shall make a good faith effort to provide notice of the need for such time to the employer in advance of the use of the earned paid sick time and shall make a reasonable effort to schedule the use of earned paid sick time in a manner that does not unduly disrupt the operations of the employer. Where such need is not foreseeable, an employer may require an employee to provide notice of the need for the use of earned paid sick time as soon as practicable.

4. An employer that requires notice of the need to use earned paid sick time where the need is not foreseeable shall provide a written policy that contains procedures for the employee to provide notice. An employer that has not provided to the employee a copy of its written policy for providing such notice shall not deny earned paid sick time to the employee based on non-compliance with such a policy.

5. An employer may not require, as a condition of an employee's taking earned paid sick time, that the employee search for or find a replacement worker to cover the hours during which the employee is using earned paid sick time.

6. Earned paid sick time may be used in the smaller of hourly increments or the smallest increment that the employer's payroll system uses to account for absences or use of other time.

7. For earned paid sick time of three or more consecutive work days, an employer may require reasonable documentation that the earned paid sick time has been used for a purpose covered by subsection (1) of this section. Documentation signed by a heath care professional indicating that earned paid sick time is necessary shall be considered reasonable documentation for purposes of this section. An employer may not require that the documentation explain the nature of the illness unless otherwise required by law.

285.609. 1. It shall be unlawful for an employer or any other person to interfere with, restrain, or deny the exercise of, or the attempt to exercise, any right protected under sections 285.600 through 285.642.

2. An employer shall not take retaliatory personnel action or discriminate against an employee or former employee because he or she has exercised rights protected under sections 285.600 through 285.642. Such rights include, but are not limited to, the right to request or use earned paid sick time pursuant to sections 285.600 through 285.642; the right to file a complaint or inform any person about any employer's alleged violation of sections 285.600 through 285.642; the right to participate in an investigation, hearing, or proceeding or cooperate with or assist the Department in any investigations of alleged violations of sections 285.600 through 285.642; and the right to inform any person of his or her potential rights under sections 285.600 through 285.642.

3. It shall be unlawful for an employer's absence control policy to count earned paid sick time taken under sections 285.600 through 285.642 as an absence that may lead to or result in discipline, discharge, demotion, suspension, or any other adverse action.

4. Protections of this section shall apply to any individual who mistakenly but in good faith alleges violations of sections 285.600 through 285.642.

285.612. 1. Employers shall give employees written notice of the following at the commencement of employment or by ninety days after this law goes into effect, whichever is later: employees are entitled to earned paid sick time and the amount of earned paid sick time, the terms of its use guaranteed under sections 285.600 through 285.642, that retaliatory personnel action against employees who request or use earned paid sick time is prohibited, that each employee has the right to bring a civil action if earned paid sick time as required by sections 285.600 through 285.642 is denied by the employer or the employee is subjected to retaliatory personnel action for requesting or taking earned paid sick time, and, if applicable, the contact information for the Department where questions about rights and responsibilities under sections 285.600 through 285.642 may be answered.

2. Employers shall display a poster that contains the information required in subsection (1) of this section in a conspicuous and accessible place in each establishment where such employees are employed, provided that such poster has been provided by the Department.

3. The Department may create and make available to employers, model notices and posters that contain the information required under subsection (1) of this section for employers' use in complying with subsections (1) and (2) of this section. Nothing in this subsection shall be interpreted or applied, either expressly or through practical necessity, to require the Department to create or make available notices or posters if it requires the appropriation of funds to cover the costs of such acts.

285.615. 1. Employers shall retain records documenting hours worked by employees and earned paid sick time taken by employees, for a period of not less than three years, and shall allow the Department access to such records, with appropriate notice and at a mutually agreeable time, to monitor compliance with the requirements of sections 285.600 through 285.642.

2. To the extent permitted by law, the Director may inspect such records, and the records shall be open for inspection by the Director by appointment. Where the records required under this section are kept outside the state, the records shall be made available to the Director upon demand. Every such employer shall furnish to the Director on demand a sworn statement of time records and information upon forms prescribed or approved by the Director. All the records and information obtained by the Department are confidential and shall be disclosed only on order of a court of competent jurisdiction.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department or Director to access or inspect records or to create forms relating to the inspection of records if it requires the appropriation of funds to cover the costs of such acts.

285.618. 1. The Department may, in accordance with chapter 536, promulgate rules to implement the provisions of sections 285.600 through 285.642. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2018, shall be invalid and void.

2. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the promulgation or adoption of rules if it requires the appropriation of funds to cover the costs of such acts.

285.621. 1. To the extent permitted by law, the Department may investigate and ascertain compliance with sections 285.600 through 285.642, establish and implement a system to receive complaints regarding non-compliance with sections 285.600 through 285.642 and to investigate and attempt to resolve complaints through mediation between the complainant and the subject of the complaint, and establish additional means of enforcement to the extent permitted by the law.

2. The Department may develop and implement an outreach program to inform employees, parents, and persons who are under the care of a health care provider about the availability of earned paid sick time under sections 285.600 through 285.642. This program may include the distribution of notices and other written materials to child care and elder care providers, domestic violence shelters, schools, hospitals, community health centers and other health care providers in Missouri.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department to conduct investigations and ascertain compliance with sections 285.600 through 285.642, to establish and implement a system to receive or resolve complaints, to establish additional means of enforcement, or to conduct outreach and education, including the creation of notices and other written materials, concerning sections 285.600 through 285.642, if it requires the appropriation of funds to cover the costs of such acts.

285.624. 1. To the extent permitted by law, any employer who violates or fails to comply with any of the provisions and requirements of sections 285.600 through 285.642 shall be guilty of a class C misdemeanor and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for violation of a class C misdemeanor; provided, however, that an employer who willfully violates the notice and posting requirements of section 285.612 shall be guilty of an infraction and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for an infraction.

2. For purposes of this section, each day of violation or failure to comply and each employee affected shall constitute a separate offense.

285.627. 1. Any individual who claims to have been aggrieved by a failure of an employer to comply with any portion of sections 285.600 through 285.642, including but not limited to the failure to provide earned paid sick time or to allow employees to use such time consistent with sections 285.600 through 285.642, or who claims to have suffered a retaliatory personnel action, shall have a right of action and may commence a civil action in the appropriate court of jurisdiction within three years of the accrual of the cause of action, to obtain appropriate relief with respect to such unlawful violation.

2. In a civil action under this section, if the court finds a violation has occurred, the court may grant as relief, as it deems appropriate and to the extent permitted by law, any permanent or temporary injunction, the full amount of any unpaid earned sick time plus any actual damages suffered as the result of the employer's violation of sections 285.600 through 285.642, an additional amount equal to twice any unpaid earned sick time as liquidated damages, costs, and reasonable attorney's fees as may be allowed by the court, and other legal or equitable relief as may be appropriate to remedy the violation, including, without limitation, reinstatement to employment and back pay. Any agreement between the employee and the employer to waive the protections of sections 285.600 through 285.642 shall be no defense to the action.

285.630. 1. Except as otherwise required by law, an employer may not require disclosure of details relating to an employee's or an employee's family member's health information as a condition of providing earned paid sick time under sections 285.600 through 285.642.

2. Unless as otherwise required by law, any health information possessed by an employer regarding an employee or employee's family member must:

(A) be maintained on a separate form and in a separate file from other personnel information;

(B) be treated as confidential medical records; and

(C) not be disclosed except to the affected employee or with the express written permission of the affected employee.

285.633. 1. With respect to employees covered by a valid collective bargaining agreement in effect on the effective date of sections 285.600 through 285.642, no provisions of sections 285.600 through 285.642 shall apply until the stated expiration date in the collective bargaining agreement.

2. Nothing in sections 285.600 through 285.642 shall be deemed to interfere, impede, or otherwise diminish the right of employees to bargain collectively through representatives of their own choosing.

285.636. 1. Nothing in sections 285.600 through 285.642 shall be construed to discourage or prohibit an employer from the adoption or retention of an earned paid sick time policy more generous than the one required herein.

2. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the obligation of an employer to comply with any contract, collective bargaining agreement, employment benefit plan, or other agreement providing more generous paid sick time to an employee than required herein. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the rights of public employees regarding paid sick time or use of paid sick time as provided in the laws of Missouri pertaining to public employees.

285.639. 1. Sections 285.600 through 285.642 provide minimum requirements pertaining to earned paid sick time and shall not be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, requirement, policy, or standard that provides for greater accrual or use by employees of earned paid sick time or that extends other protections to employees.

2. Any county, city, town, or village in the state shall have the power and authority to establish, mandate, or otherwise require an employer to provide to an employee paid or unpaid days off from work for sick leave which exceeds the requirements of sections 285.600 through 285.642.

3. Nothing in sections 285.600 through 285.642 shall be interpreted or applied to create a power or obligation contrary to any federal law, rule, or regulation.

285.642. Except as detailed in section 285.618, all of the provisions of sections 285.600 through 285.642 are severable, and if any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 285.600 through 285.642 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application, and to this end the provisions of sections 285.600 through 285.642 are declared severable.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-038)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 285 of the Revised Statutes of Missouri. (Received November 17, 2016)

Date

December 7, 2016

Description

This proposal would amend Chapter 285 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Lottery,** the **Public Service Commission,** the **State Tax Commission,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Veterans Commission,** the **Missouri Ethics Commission,** the **Missouri Office of Prosecution Services,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St.**

Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** the **Lieutenant Governor's office,** the **Children's Trust Fund,** the **Missouri Joint Municipal Electric Utility Commission,** the **State Auditor's office, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and Missouri Jobs with Justice Voter Action provided information as proponents of the proposal to the State Auditor's office.

Officials from the **Attorney General's office** indicated various provisions of the proposal authorize their department to promulgate rules, establish mediation procedures "and additional means of enforcement… ." They assume that their office may provide some review of proposals, but assume that any potential costs arising from this proposal can be absorbed with existing resources. They may seek additional appropriations if there is an increased review of rules in later years.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will be deferring to the Office of Administration and the Department of Labor and Industrial Relations regarding any fiscal impact this initiative petition might have.

Officials from the **Department of Higher Education** indicated the state, including departments, are exempt from the definition of "employer," so this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated there is no fiscal impact to their department as a result of this initiative petition. Section 285.600 (5) indicates "for the purposes of sections 285.600 through 285.642 "employer" does not include the United States Government, the state, …., including a department, agency, …."

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated they expect no change in revenues or expenses in fiscal years 2017, 2018, and 2019.

The petition, if passed by voters, would require businesses with 15 or more employees to provide paid sick time. It also would allow their department to educate employers, take complaints, and perform investigations of violations of the new law.

The long-range fiscal implications are the same as those of the estimate period.

Under the new language, they may educate employers and employees, promulgate rules, take complaints, and conduct investigations of alleged violations of the new provisions. They believe the education, registration of complaints, and investigations would be conducted in a manner similar to those conducted under the Minimum Wage program. Using employer information from the United States Census Bureau for employers with more than ten employees, they estimate that it would receive complaints from 1.5% of the estimated 40,886 businesses with 10 or more employees, or 613 complaints annually. (The Census Bureau does not break employers at the 15 or more level.) To investigate these 613 complaints, they would require 3.50 Wage & Hour Investigator I/IIs. In FY 2016, 578 complaints were closed by 3.50 Investigators, averaging 165 per FTE. Using this calculation, they estimate it would need 3.50 FTE and the standard per FTE expenses and equipment to complete these activities.

However, Sections 285.612, 285.615, 285.618, and 285.621 expressly state that they are not required to take on the new duties it is authorized to perform under this proposal if doing so will require an appropriation to cover the costs of performing the duties. Because these duties are optional and are not required of their department, if there is no appropriation made to cover the cost, they estimate no mandated fiscal impact for this proposal.

Officials from the **Department of Revenue** indicated they defer this fiscal note to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they will defer to the Office of Administration response to this petition.

Officials from the **Department of Social Services** indicated they will defer to the Office of Administration response to this petition. They indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no fiscal impact to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated:

This initiative petition revises Section 285.055, RSMo, and adds 15 new sections to Chapter 285 related to sick leave.

Under this proposal, employers would be required to provide paid sick leave to employees. The amount would be dependent upon the number of employees. It does not include employees covered under a valid collective bargaining agreement and it provides employees with an avenue of recourse if the employee claims to be aggrieved.

The State of Missouri is excluded from the provisions of this proposal, therefore there would be no statewide impact related to this proposal other than potentially higher costs for services purchased by the state. However, the Department of Labor and Industrial Relations (DOLIR) will be impacted. Budget and Planning defers to the DOLIR for the specific impact to that agency.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office, as they are an independent department within state government and by definition state employees are exempt from this proposed legislation.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated there is no impact on their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted because cities are not employers. An indirect cost to cities may arise through increased labor costs of those vendors contracting with the city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition could have a fiscal impact on local government.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined that for benefit eligible employees (defined as working .75 or >) that it does not appear that the proposed legislation as written would create a significant fiscal impact to their university.

Officials from the **Missouri Lottery** indicated no fiscal impact to their agency.

Officials from the **Public Service Commission** indicated no fiscal impact on their agency.

Officials from the **State Tax Commission** indicated this initiative petition pertaining to sick leave in Chapter 285 does not directly impact their office. As a state agency this matter is under the direction of Office of Administration, Division of Personnel.

Officials from the **Missouri Veterans Commission** indicated no fiscal impact to their agency.

Officials from the **Missouri Office of Prosecution Services** indicated no measurable fiscal impact to their office.

Officials from the **Kansas City Boards of Election Commissioners** indicated there is no fiscal impact with amendments to Chapter 285, Versions 1 -12, since the State is not responsible for costs associated with the November 2018 election.

Officials from the **Platte County Board of Elections** indicated the proposed initiative would have no fiscal impact on their office.

Officials from the **Jackson County Election Board** indicated no fiscal impact on their office.

Officials from the **Lieutenant Governor's office** indicated it is anticipated that this initiative petition will impose little to no costs or savings on their office.

Officials from the **Children's Trust Fund** indicated they are part of the Office of Administration and thus will be covered by the Office of Administration's official response. They will not be responding separately.

Officials from the **Missouri Joint Municipal Electric Utility Commission** indicated:

The Missouri Association of Municipal Utilities represents approximately 120 cities in Missouri providing utility services to their customer/owners. They do not represent cities in their general business operation. That representation is undertaken by the Missouri Municipal League and its executive director Dan Ross.

Based on a review of each of the 12 versions it appears that there would be no direct cost to any of their cities since the framers of the amendment specifically excluded cities from the definition of employers and city employees from coverage of the proposed changes.

However, it is possible that cities may experience some increases in the cost of goods and services consumed in the regular course of business as a result of higher labor input costs. It is impossible to accurately predict those increases other than to make you aware of the potential.

Officials from the **State Auditor's office** indicated there is no fiscal impact for their office.

Officials from **University of Central Missouri** indicated if they are included in the definition of "employer" that would be impacted by this legislation, they would have an additional cost of roughly $340,000. In fiscal year 2016, part-time employees worked nearly 679,000 hours. If each 30 hours resulted in one sick time hour, that would be 22,634 hours. At an average rate of $15/hour, that would have a fiscal impact of $340,000.

If the definition of employer is interpreted to exclude UCM because of its status as a state agency, then there would be no fiscal impact.

Officials from **Missouri State University** indicated no fiscal impact on their university.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated no financial impact on their university.

Lara Granich and Missouri Jobs with Justice Voter Action provided the following information as proponents of this initiative petition.

November 28, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Earned Sick Time Petitions
Petitions numbered by MO SOS at 2018-28 to 2018-39

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Earned Sick Time Petitions.

This analysis uses data collected by the U.S. Bureau of Labor Statistics, the Centers for Disease Control and Prevention, and the U.S. Census Bureau to evaluate the impact of earned sick time laws in Missouri. This analysis uses findings from previous peer-reviewed research to estimate cost-savings associated with the proposed policies through reduced turnover, reduced spread of contagious disease in the workplace, prevention of productivity losses from employees working while sick, minimized nursing-home stays, and reduced norovirus outbreaks in nursing homes. We also address certain claims that have been made by opponents in the past.

I. Estimate of Number of Workers Affected Statewide

According to the Institute for Women's Policy Research, an estimated 1,002,116 private sector workers in Missouri, or 45.9 percent of the workforce, cannot earn a single paid sick day to use to recover from common illnesses or seek medical care.[1]

II. Direct Costs to State

As these proposed initiatives exclude public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Enforcement would be handled by existing staff at the Department of Labor.

III. Economic Literature on the Impact of Earned Sick Time on Businesses

This analysis quantifies only a subset of potential benefits, predicting a net economic benefit from both of the proposed laws. Likely additional benefits from paid sick days not quantified in this analysis include: reduced health care spending due to reduced public contagion and more timely and regular preventive care and treatment; improved economic security among families who receive pay on sick days and are less likely to be fired or disciplined for taking sick time; and improved school outcomes and reduced contagion in schools, when parents can avoid sending sick children to school or child care.

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country. There is no evidence of business closures/layoffs as a result of earned sick time laws. Both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed. In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates. 2

The Washington D.C. Auditor reported "that the Accrued Sick and Safe Leave Act did not have the economic impact of encouraging business owners to move a business from the District nor did the Act have the economic impact of discouraging business owners to locate a business in the District of Columbia."3 New York City reported that "New York City's economy has thrived since the enactment of PSL [paid sick leave]. Between January 2014 and January 2015, a period that covers the law's implementation, economic indicators were a cause for celebration, not concern as many had predicted." 4

[1] 1 Institute for Women's Policy Research & National Partnership for Women & Families. (2015, May). Workers' Access to Paid Sick Days in the States. Table 2. Retrieved 8 July 2015, from http://www.nationalpartnership.org/research-library/work-family/psd/workers-access-to-paid-sick-days-in-the-states.pdf

[2] http://iwpr.org/publications/pubs/paid-sick-days-benefit-employers-workers-and-the-economy

[3] http://www.dcauditor.org/reports/audit-accrued-sick-and-safe-leave-act-2008

[4] http://www1.nyc.gov/assets/dca/downloads/pdf/about/PaidSickLeaveLaw-FirstYearMilestones.pdf

Summary of Benefits Associated With Missouri's Proposed Earned Sick Time Law

Benefits	Firms with <50 Employees			Firms with 50+ Employees		
	Dollars	Average per-worker savings		Dollars	Average per-worker costs/savings	
BENEFITS						
Lower Turnover	$32,718,875			$146,675,016		
Reduced Flu Contagion in the Workplace	$1,334,044			$5,980,370		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Employers' Savings	**$34,052,920**	**$6.97**	**$0.21**	**$152,655,386**	**$9.44**	**$0.26**
Reduced Short-Term Nursing Home Stays	$2,415,006			$8,165,162		
Reduced Norovirus in Nursing Homes	$21,692			$93,129		
Reduced Flu Contagion	$233,249			$771,691		
Reduced Emergency Department Visits	$3,512,104			$11,619,581		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Community Savings	**$6,182,052**	**$1.26**	**$0.04**	**$20,649,564**	**$1.28**	**$0.03**

Note: "Small" firms are defined in the proposed laws at firms employing fewer than 15 employees and "Large" firms are defined as firms employing 15 or more employees.

Source: Institute for Women's Policy Research Analysis of the 2014 American Community Survey (ACS), the 2016 National Compensation Survey (NCS), the 2013-2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2010 Current Population Survey Displaced Worker, Employee Tenure, and Occupational Mobility Supplement File, and the 2014-2015 National Health Interview Survey (NHIS).

Note on Methodology

The estimates are based on analyses of the following data sets: the 2013–2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2014-2015 National Health Interview Survey (NHIS), the 2014 American Community Survey (ACS), the 2016 National Compensation Survey and the 2014 Medical Expenditure Panel Survey along with findings from previous peer-reviewed research.

This analysis was limited to only private sector workers as the proposed legislation only covers such workers. The proposed legislation does include some small exemptions for certain employees which this analysis does not account for. Excluding such workers would result in minor reductions in both the costs and benefits estimated, but general trends would remain the same. To learn more about the methodology and sources please see "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days"[5]

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,
Lara Granich
Missouri Jobs with Justice Voter Action

[5] Williams, Claudia. 2013. "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days." IWPR Publication No. B311. Washington, DC: Institute for Women's Policy Research.

INSTITUTE FOR WOMEN'S POLICY RESEARCH

Briefing Paper

www.iwpr.org

IWPR #B361 July 2016

Paid Sick Days Benefit Employers, Workers, and the Economy

Jessica Milli, PhD., Jenny Xia, and Jisun Min

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country.[1] Yet millions more still would not be paid if they need to stay at home when they are sick or need to care for a family member who is ill. As of 2014, 51 million workers lacked access to paid sick days.[2]

Research has documented many benefits of paid sick days policies for workers, businesses, and communities as a whole. These benefits would multiply substantially if more workers gained access to paid sick days. This briefing paper summarizes research on the benefits of paid sick days and the effects of paid sick days policies in places that have them.

Employers Benefit from Paid Sick Days

- **Reduced contagion in the workplace:** A 2010 survey conducted by the National Opinion Research Center found that employees without access to paid sick days are 1.5 times more likely than those with access to go to work with a contagious illness (55 percent compared with 37 percent).[3] Such "presenteeism" has serious public health consequences including flu contagion. A 2010 analysis of labor force and Centers for Disease Control data estimated that more than one in four private sector employees worked while ill with H1N1 during the 2009 H1N1 pandemic, resulting in the estimated infection of 7 million co-workers with H1N1. Work absences from illness dropped more precipitously among public sector workers than among private sector workers during the decline of the pandemic. Because employees in the public sector have greater access to paid sick days, the finding suggests that paid sick days played a role in slowing contagion and potentially in speeding recovery.[4] A 2013 study employed a model simulating influenza contagion to estimate reductions in contagion rates under a universal paid sick days policy. Using data from the American Community Survey, LandScan USA, and the U.S. Census, the study estimated that providing paid sick days would reduce workplace influenza infection in the United States by about 6 percent.[5]

- **Improved productivity:** When workers come to work sick, their productivity and performance suffer. Estimates of productivity losses vary across studies. A 1997 study polling 332 workers who had influenza-like illnesses found that workers on average reported being 46 percent less effective while ill at work.[6] A 2003 study based on interviews with more than 28,000 workers reported that on average, workers lose 1.32 hours per week of productive time due to personal health related reasons.[7] Since workers

with access to paid sick days are less likely to come to work sick and infect their co-workers,[8] paid sick days can prevent further productivity losses resulting from illness and contagion in the workplace.

- **Decreased workplace injuries:** Working while sick also puts employees at greater risk of injury on the job. A 2012 study using the 2005 through 2008 National Health Interview Survey (NHIS) found that after controlling for factors like survey year, occupational sector, firm size, region, and the availability of paid sick leave, workers with access to paid sick days are 28 percent less likely to be injured on the job than workers without this benefit.[9]

- **Decreased employee turnover:** A 2012 analysis of data collected between 2004 and 2006 through the Medical Expenditure Panel Survey (MEPS) finds that the likelihood of job separation decreases by about 25 percent when a worker has access to paid sick days, even after controlling for potential confounding factors such as workers' educational attainment, earnings, and race/ethnicity.[10] As employee turnover typically costs an employer between 10 and 30 percent of an employee's annual salary,[11] a reduction in turnover can result in significant reductions in employer costs.

Paid Sick Days Improve Public Health

- **Increased use of preventive care:** Since paid sick days can be used for doctor visits, workers with paid sick days are more likely to seek preventive care and to be screened for diseases such as cancer, which can lead to early detection and treatment. A 2012 study using 2008 National Health Interview Survey (NHIS) data finds that after controlling for sociodemographic and health-care-related factors, workers with paid sick days are significantly more likely to have had mammograms, Pap tests, and endoscopy, and to have seen a doctor during the previous year than those without the benefit.[12]

- **More timely treatment for illnesses:** Workers without paid sick days are more likely to delay medical care when they or a family member is ill which can lead to a more serious or prolonged illness.[13]A 2016 analysis of the 2013 NHIS—which controlled for demographic and health-related factors like race and ethnicity, occupation, annual family income, and health insurance coverage—indicates that workers without paid sick leave are three times more likely to forgo medical care for themselves, and 1.6 times more likely to forgo medical care for their families, compared with workers who have the benefit.[14] A 2011 analysis of the NHIS found that when they do seek care, workers without paid sick days—regardless of their educational attainment, income, race/ethnicity and other demographic characteristics—are more likely to use an emergency department for care.[15]

- **Improved family health:** Paid sick days may encourage workers to respond to their children's and family members' health needs in a timely manner, thereby improving overall health outcomes for their families. Paid sick days are a primary factor affecting whether a working parent will stay at home with a sick child rather than sending them to school or child care sick. The 2010 National Opinion Research Center Survey found that

28 percent of workers without paid sick days reported sending a sick child to school or child care, compared with 14 percent of workers with paid sick days.[16] A 2012 study analyzing the 2008 National Study of the Changing Workforce (NSCW) and controlling for worker and job characteristics finds that having paid sick days is associated with reduced work-family conflict, which lessens difficulties parents face in taking time off from work to care for a sick child.[17]

Paid Sick Days Bring Economic Benefits for Workers, Families, and Communities

- **Improved employment and earnings stability:** When incomes are not interrupted by unpaid leave, families experience greater financial stability and economic well-being. According to a 2010 poll, 16 percent of workers surveyed reported losing a job for missing work when they were sick or to care for an ill family member.[18] Research has shown that having paid sick days reduces the likelihood of a job separation by at least 25 percent.[19]

- **Improved labor force attachment among caregivers:** Informal caregivers whose work schedules are incompatible with the care needs of their family members may decrease their work hours or even leave the labor force completely.[20] One 2011 Gallup poll found that most caregivers, including parents, reported missing at least one full day of work to fulfill their caregiving duties with an average of 6.6 workdays missed per year.[21] Paid sick days, however, may provide sufficient leave to caregivers to allow them to maintain their desired level of employment while continuing to perform their caregiving work.

- **Savings from reduced utilization of hospital emergency departments and a lower monetary burden on taxpayers:** A 2011 study using the 2008 and 2009 NHIS finds that the annual number of emergency department visits per worker without paid sick days is greater than it is for those with the benefit. Using MEPS data on the cost of emergency department visits, the study estimates that a lack of paid sick days resulted in an estimated 1.3 million preventable emergency department visits every year in the United States in 2008, costing $1.1 billion more than office visits would have. Part of these costs—$500 million—were paid by public insurance programs such as Medicaid.[22]

Research Finds Benefits of Existing Paid Sick Days Laws and Minimal Costs to Employers

Since the implementation of the first paid sick days law in 2007, several studies have evaluated the impacts of the legislation, with a particular emphasis on the effects on employers. These evaluations have largely found that the overall impact on businesses was minimal. Many firms saw benefits from the policy and counted themselves as supporters after implementing it.

- **Minimal costs:** Costs to employers of providing paid sick days have been modest. In Seattle, evaluations found that the cost of providing paid sick leave in 2013 was only

about 0.4 percent of total firm revenue for the year.[23] In Connecticut, nearly half of 228 employers surveyed in 2013, a year and a half after the state's paid sick days law's implementation, reported having no increased overall cost, and 19.1 percent of employers reported an increased cost of less than 2 percent.[24] In San Francisco, the paid sick leave ordinance created additional costs for a relatively small share of employers. Six out of seven employers reported no adverse effects on profitability.[25]

- **Ease of implementation:** Research shows that paid sick days have minimal effect on business operations. Most San Francisco employers reported that implementing the Paid Sick Leave Ordinance was not difficult.[26] Likewise, about two thirds of Seattle employers reported that implementing the Paid Sick and Safe Time Ordinance was not very difficult, and 70 percent expressed support for the policy a year after implementation of the Ordinance.[27] Similarly, a large majority of Connecticut employers surveyed in 2013 indicated that the Paid Sick Leave Law did not burden business operations.[28]

- **Employees use paid sick days judiciously:** Several years after the implementation of San Francisco's paid sick days law, an IWPR survey of 1,194 workers found that employees in San Francisco used fewer than half of the sick days available under the paid sick leave ordinance.[29] Using data from the 2014 NHIS, IWPR found that most workers who do have access to paid sick days do not use any in a given year.[30] In regions that have passed paid sick day laws, surveys suggest that abuse of paid sick days is rare. Among 228 Connecticut employers surveyed by the Center for Economic and Policy Research, 86 percent reported no known cases of abuse more than a year after paid sick days was implemented.[31] A report published by the City of Seattle auditor finds that more than nine in ten Seattle employers surveyed in 2012 had never reprimanded an employee for abusing paid sick days.[32]

- **Sustained job growth and employment:** In contrast to messaging communicated by big business lobbyists prior to the laws' passage, both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed.[33] In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates.[34]

- **Improved employee morale, motivation, loyalty, and productivity**: Over a quarter of Connecticut employers reported improved morale, 12.5 percent reported increased employee motivation, 10.6 percent reported increased loyalty, and 14.9 percent reported increased productivity after implementation of the state's paid sick days law.[35]

- **Improved work life balance for employees:** A 2010 IWPR survey found that one out of four San Francisco employees reported that paid sick days enabled them to better care for their own and their families' health needs. In addition, nearly 30 percent reported that their employers were more supportive when they needed to use their leave than they were

prior to the law's passage. More than half of all San Francisco workers reported at least one benefit as a result of the ordinance.[36]

- **Reduced flu contagion in locations with paid sick day laws:** One recent study used Google Flu data from 2003 to 2015 to show that influenza-like infection rates decrease significantly when workers gain access to paid sick days. By comparing the rates of influenza-like illnesses in regions with paid sick days policies—including the District of Columbia, Connecticut, California, Massachusetts, and Oregon—with those lacking such laws, the study finds that infection rates decrease by about 10 percent when employees without coverage obtain paid sick days.[37]

Conclusion

Literature spanning the fields of public health, economics, sociology, medicine, social work, and public policy converge to reflect the health, employment, and economic benefits of paid sick days. Research suggests that more widespread implementation of paid sick days policies would have a substantial positive impact on the well-being of children, families, and communities across the United States.

Notes

[1] For a complete list of paid sick days laws and their provisions, see: A Better Balance, "Overview of Paid Sick Time Laws in the United States," <http://www.abetterbalance.org/web/images/stories/Documents/sickdays/factsheet/PSDchart.pdf> (accessed May 4, 2016).
[2] Jenny Xia, Jeffrey Hayes, Barbara Gault, and Hailey Nguyen, "Paid Sick Days Access and Usage Rates Vary by Race/Ethnicity, Occupation, and Earnings," Institute for Women's Policy Research (February 2016) <http://iwpr.org/publications/pubs/paid-sick-days-access-and-usage-rates-vary-by-race-ethnicity-occupation-and-earnings> (accessed March 18, 2016).
[3] Tom W. Smith and Jibum Kim, "Paid Sick Days: Attitudes and Experiences," Public Welfare Foundation (June 2010) <http://www.nationalpartnership.org/research-library/work-family/psd/paid-sick-days-attitudes-and-experiences.pdf> (accessed January 12, 2016).
[4] Robert Drago and Kevin Miller, "Sick at Work: Infected Employees in the Workplace During the H1N1 Pandemic," Institute for Women's Policy Research (January 2010) <http://iwpr.org/publications/pubs/sick-at-work-infected-employees-in-the-workplace-during-the-h1n1-pandemic > (accessed March 18, 2016).
[5] Supriya Kumar, John J. Grefenstette, David Galloway, Steven M. Albert, and Donald S. Burke, "Policies to Reduce Influenza in the Workplace: Impact Assessments Using an Agent-Based Model," *American Journal of Public Health* 103 (8): 1406-1411 (2013).
[6] M Keech, A.J. Scott, and P. J. J. Ryan, "The impact of influenza and influenza-like illness on productivity and healthcare resource utilization in a working population," *Occupational Medicine* 48 (2): 85-90 (1998).
[7] Walter F. Stewart, Judith A. Ricci, Elsbeth Chee, and David Morganstein, "Lost Productive Work Time Costs From Health Conditions in the United States: Results From the American Productivity Audit," American College of Occupational and Environmental Medicine (December 2003) < http://www.nationalpartnership.org/research-library/work-family/psd/lost-productive-work-time-american-productivity-audit.pdf> (accessed April 26th, 2016).
[8] Robert Drago and Kevin Miller, "Sick at Work: Infected Employees in the Workplace During the H1N1 Pandemic," Institute for Women's Policy Research (January 2010) <http://iwpr.org/publications/pubs/sick-at-work-infected-employees-in-the-workplace-during-the-h1n1-pandemic > (accessed March 18, 2016).

[9] Pana Asfaw, Regina Pana-Cryan, and Roger Rosa, "Paid Sick Leave and Nonfatal Occupational Injuries," *American Journal of Public Health* 102(9): e59-e64 (September 2012).
[10] Heather Hill, "Paid Sick Leave and Job Stability," *Work and Occupations* 40(2): 143-173 (2013).
[11] Heather Boushey and Sarah Jane Glynn, "There Are Significant Business Costs to Replacing Employees," Center for American Progress (November 16, 2012) <https://www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf> (accessed January 12, 2016).
[12] Lucy A. Peipins, Ashwini Soman, Zahava Berkowitz, and Mary C. White, "The lack of paid sick leave as a barrier to cancer screening and medical care-seeking: results from the National Health Interview Survey," *BMC Public Health* 12: 520 (2012).
[13] Institute of Medicine, "Care Without Coverage: Too Little, Too Late," (May 2002) <https://iom.nationalacademies.org/~/media/Files/Report%20Files/2003/Care-Without-Coverage-Too-Little-Too-Late/Uninsured2FINAL.pdf> (accessed January 12, 2016).
[14] LeaAnne De Ringe, Patricia Stoddard-Dare, and Linda Quinn, "Workers Without Paid Sick Leave Less Likely to Take Time Off For Illness Or Injury Compared To Those With Paid Sick Leave," *Health Affairs* 35(3): 520-527 (2016).
[15] Kevin Miller, Claudia Williams, and Youngmin Yi, "Paid Sick Days and Health: Cost Savings from Reduced Emergency Department Visits," Institute for Women's Policy Research (November 2011) <http://iwpr.org/publications/pubs/paid-sick-days-and-health-cost-savings-from-reduced-emergency-department-visits> (accessed March 18, 2016).
[16] Tom W. Smith and Jibum Kim, "Paid Sick Days: Attitudes and Experiences," Public Welfare Foundation (June 2010) <http://www.nationalpartnership.org/research-library/work-family/psd/paid-sick-days-attitudes-and-experiences.pdf> (accessed January 12, 2016).
[17] Kristin Smith and Andrew Schaefer, "Who Cares for the Sick Kids? Parents' Access to Paid Time to Care for a Sick child," The Carsey Institute, Issue Brief No. 51 (Spring 2012). <http://scholars.unh.edu/cgi/viewcontent.cgi?article=1170&context=carsey> (accessed January 12, 2016).
[18] Tom W. Smith and Jibum Kim, "Paid Sick Days: Attitudes and Experiences," Public Welfare Foundation (June 2010) <http://www.nationalpartnership.org/research-library/work-family/psd/paid-sick-days-attitudes-and-experiences.pdf> (accessed January 12, 2016).
[19] Heather Hill, "Paid Sick Leave and Job Stability," *Work and Occupations* 40(2): 143-173 (2013).
[20] Family Caregiver Alliance, "Selected Caregiver Statistics," (December 31, 2012) <https://caregiver.org/selected-caregiver-statistics> (accessed January 12, 2016).
[21] Dan Witters, "Caregiving Costs U.S. Economy $25.2 Billion in Lost Productivity," *Gallup* (July 27, 2011) <http://www.gallup.com/poll/148670/caregiving-costs-economy-billion-lost-productivity.aspx> (accessed January 12, 2016).
[22] Kevin Miller, Claudia Williams, and Youngmin Yi, "Paid Sick Days and Health: Cost Savings from Reduced Emergency Department Visits," Institute for Women's Policy Research (November 2011) <http://iwpr.org/publications/pubs/paid-sick-days-and-health-cost-savings-from-reduced-emergency-department-visits> (accessed March 18, 2016).
[23] Jennifer Romich with Wes Bignell, Tracy Brazg, Chantel Johnson, Cori Mar, Jennifer Morton, and Chiho Song, "Implementation and Early Outcomes of the City of Seattle Paid Sick and Safe Time Ordinance," (April 23, 2014) <http://www.seattle.gov/Documents/Departments/CityAuditor/auditreports/PSSTOUWReportwAppendices.pdf> (accessed January 12, 2016).
[24] Eileen Appelbaum, Ruth Milkman, Luke Elliott, and Teresa Kroeger, "Good for Business? Connecticut's Paid Sick Leave Law," Center for Economic and Policy Research (2014) <http://www.cepr.net/documents/good-for-buisness-2014-02-21.pdf> (accessed January 12, 2016).
[25] Robert Drago and Vicky Lovell, *San Francisco's Paid Sick Leave Ordinance: Outcomes for Employers and Employees*, Institute for Women's Policy Research (February 2011) <http://iwpr.org/publications/pubs/San-Fran-PSD> (accessed March 18, 2016).
[26] ibid.
[27] Jennifer Romich with Wes Bignell, Tracy Brazg, Chantel Johnson, Cori Mar, Jennifer Morton, and Chiho Song, "Implementation and Early Outcomes of the City of Seattle Paid Sick and Safe Time Ordinance," (April 23, 2014)

<http://www.seattle.gov/Documents/Departments/CityAuditor/auditreports/PSSTOUWReportwAppendices.pdf> (accessed January 12, 2016).
[28] Eileen Appelbaum, Ruth Milkman, Luke Elliott, and Teresa Kroeger, "Good for Business? Connecticut's Paid Sick Leave Law," Center for Economic and Policy Research (2014) <http://www.cepr.net/documents/good-for-buisness-2014-02-21.pdf> (accessed January 12, 2016).
[29] Robert Drago and Vicky Lovell, *San Francisco's Paid Sick Leave Ordinance: Outcomes for Employers and Employees*, Institute for Women's Policy Research (February 2011) <http://iwpr.org/publications/pubs/San-Fran-PSD> (accessed March 18, 2016).
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[31] Eileen Appelbaum, Ruth Milkman, Luke Elliott, and Teresa Kroeger, "Good for Business? Connecticut's Paid Sick Leave Law," Center for Economic and Policy Research (2014) <http://www.cepr.net/documents/good-for-buisness-2014-02-21.pdf> (accessed January 12, 2016).
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[33] Kevin Miller and Sarah Towne, "San Francisco Employment Growth Remains Stronger with Paid Sick Days Law Than Surrounding Counties," Institute for Women's Policy Research (September 2011) <http://iwpr.org/publications/pubs/san-francisco-employment-growth-remains-stronger-with-paid-sick-days-law-than-surrounding-counties> (accessed March 18, 2016).
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[35] Eileen Appelbaum, Ruth Milkman, Luke Elliott, and Teresa Kroeger, "Good for Business? Connecticut's Paid Sick Leave Law," Center for Economic and Policy Research (2014) <http://www.cepr.net/documents/good-for-buisness-2014-02-21.pdf> (accessed January 12, 2016).
[36] Robert Drago and Vicky Lovell, *San Francisco's Paid Sick Leave Ordinance: Outcomes for Employers and Employees*, Institute for Women's Policy Research (February 2011) <http://iwpr.org/publications/pubs/San-Fran-PSD> (accessed March 18, 2016).
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Funding for this briefing paper was provided by the Ford Foundation and the Annie E. Casey Foundation.

For more information on IWPR reports or membership, please call (202) 785-5100, e-mail iwpr@iwpr.org, or visit www.iwpr.org.

The Institute for Women's Policy Research (IWPR) conducts rigorous research and disseminates its findings to address the needs of women, promote public dialogue, and strengthen families, communities, and societies. The Institute works with policymakers, scholars, and public interest groups to design, execute, and disseminate research that illuminates economic and social policy issues affecting women and their families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR's work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations and corporations. IWPR is a 501(c)(3) tax-exempt organization that also works in affiliation with the women's studies, and public policy and public administration programs at The George Washington University.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Ethics Commission,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Clay County Board of Election Commissioners, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local governments expect no direct costs from this proposal, but indicated unknown higher costs for goods and services may result. Any change in tax revenue for state and local governments is unknown.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

November 17, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
NOV 17 2016
STATE AUDITORS OFFICE

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 285, version 10 (2018-037)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 16, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 16 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

Fifteen new sections to be known as sections 285.600, 285.603, 285.606, 285.609, 285.612, 285.615, 285.618, 285.621, 285.624, 285.627, 285.630, 285.633, 285.636, 285.639, and 285.642 are enacted to read as follows:

285.600. As used in sections 285.600 through 285.642:

(1) "Construction", includes construction, reconstruction, improvement, enlargement, alteration, painting and decorating, or major repair.

(2) "Construction industry", includes any employer whose employees conduct or perform construction as a principal component of the employer's business or enterprise.

(3) "Department", Department of Labor and Industrial Relations.

(4) "Director", Director of the Department of Labor and Industrial Relations.

(5) "Earned paid sick time", time that is compensated at the same hourly rate and with the same benefits, including health care benefits, as the employee normally earns during hours worked and is provided by an employer to an employee for the purposes described in section 285.606, but in no case shall this hourly amount be less than that provided under section 290.502.

(6) "Employee", any individual employed in this state by an employer, but does not include:

(A) Any individual engaged in the activities of an educational, charitable, religious, or nonprofit organization where the employer-employee relationship does not, in fact, exist or where the services rendered to the organization are on a voluntary basis;

(B) Any individual standing in loco parentis to foster children in their care;

(C) Any individual employed for less than four months in any year in a resident or day camp for children or youth, or any individual employed by an educational conference center operated by an educational, charitable or not-for-profit organization;

(D) Any individual engaged in the activities of an educational organization where employment by the organization is in lieu of the requirement that the individual pay the cost of tuition, housing or other educational fees of the organization or where earnings of the individual employed by the organization are credited toward the payment of the cost of tuition, housing or other educational fees of the organization;

(E) Any individual employed on or about a private residence on an occasional basis for six hours or less on each occasion;

(F) Any individual employed on a casual basis to provide baby-sitting services;

(G) Any individual employed by an employer subject to the provisions of part A of subtitle IV of title 49, United States Code, 49 U.S.C. §§ 10101 et seq.;

(H) Any individual employed on a casual or intermittent basis as a golf caddy, newsboy, or in a similar occupation;

(I) Any individual who is employed in any government position defined in 29 U.S.C. §§ 203(e)(2)(C)(i)-(ii); or

(J) Any individual who is an offender, as defined in section 217.010, who is incarcerated in any correctional facility operated by the department of corrections, including offenders who provide labor or services on the grounds of such correctional facility pursuant to section 217.550.

(7) "Employer", any person acting directly or indirectly in the interest of an employer in relation to an employee; provided, however, that for the purposes of sections 285.600 through 285.642, "employer" does not include the United States Government, the state, or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state.

(8) "Family member", any of the following individuals:

(A) Regardless of age, a biological, adopted or foster child, stepchild or legal ward, a child of a domestic partner, a child to whom the employee stands in loco parentis, or an individual to whom the employee stood in loco parentis when the individual was a minor;

(B) A biological, foster, stepparent or adoptive parent or legal guardian of an employee or an employee's spouse or domestic partner or an individual who stood in loco parentis when the employee or employee's spouse or domestic partner was a minor child;

(C) An individual to whom the employee is legally married under the laws of any state, or a domestic partner who is registered as such under the laws of a political subdivision;

(D) A grandparent, grandchild, or sibling (whether of a biological, foster, adoptive or step relationship) of the employee or the employee's spouse or domestic partner; or

(E) A member of the employee's household.

(9) "Health care professional," any individual licensed under Federal or State law to provide medical or emergency services, including but not limited to doctors, nurses, certified nurse midwives, and emergency room personnel.

(10) "Person", any individual, partnership, association, corporation, business, business trust, legal representative, or any organized group of persons.

(11) "Retaliatory personnel action", denial of any right guaranteed under sections 285.600 through 285.642, or any threat, discharge, suspension, demotion, reduction of hours, or any other adverse action against an employee for the exercise of any right guaranteed herein. "Retaliatory personnel action" shall also include interference with or punishment for in any manner participating in or assisting an investigation, proceeding, or hearing under sections 285.600 through 285.642.

(12) "Year", a regular and consecutive twelve-month period as determined by the employer; except that for the purposes of section 285.615 and section 285.627, "year" shall mean a calendar year.

285.603. 1. Employees of an employer with fifteen or more employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than fifty-six hours of earned paid sick time per year, unless the employer selects a higher limit.

2. Employees of an employer with fewer than fifteen employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than forty hours of earned paid sick time per year, unless the employer selects a higher limit.

3. In determining the number of employees performing work for an employer for compensation during a given week, all employees performing work for compensation on a full-time, part-time, or temporary basis shall be counted. In situations in which the number of employees who work for an employer for compensation per week fluctuates above and below fifteen employees per week over the course of the year, an employer is required to provide earned paid sick time pursuant to subsection (1) of this section if it maintained fifteen or more employees on the payroll for some portion of a day in each of twenty different calendar weeks, whether or not the weeks were consecutive, in either the current or the preceding year (irrespective of whether the same individuals were in employment in each day).

4. All employees shall accrue earned paid sick time as follows:

(A) Earned paid sick time as provided in this section shall begin to accrue at the commencement of employment or ninety days after this law goes into effect, whichever is later. An employer may provide all paid sick time that an employee is expected to accrue in a year at the beginning of the year.

(B) An employee may use earned paid sick time as it is accrued, except that an employer may require an employee hired more than ninety days after this law goes into effect to wait until the ninetieth calendar day after commencing employment before using accrued earned paid sick time, unless otherwise permitted by the employer.

(C) Employees who are exempt from overtime requirements under 29 U.S.C. § 213(a)(1) of the Federal Fair Labor Standards Act will be assumed to work forty hours in each work week for purposes of earned paid sick time accrual unless their normal work week is less than forty hours, in which case earned paid sick time accrues based upon that normal work week.

(D) Earned paid sick time shall be carried over to the following year, subject to the limitations on usage in subsections (1) and (2) of this section. Alternatively, in lieu of carryover of unused earned paid sick time from one year to the next, an employer may pay an employee for unused earned paid sick time at the end of a year and provide the employee with an amount of paid sick time that meets or exceeds the requirements of sections 285.600 through 285.642 that is available for the employee's immediate use at the beginning of the subsequent year.

(E) If an employee is transferred to a separate division, entity, or location, but remains employed by the same employer, the employee is entitled to all earned paid sick time accrued at the prior division, entity, or location and is entitled to use all earned paid sick time as provided in this section. When there is a separation from employment and the employee is rehired within nine months of separation by the same employer, previously accrued earned paid sick time that had not been used shall be reinstated. Further, the employee shall be entitled to use accrued earned paid sick time and accrue additional earned paid sick time at the re-commencement of employment.

(F) When a different employer succeeds or takes the place of an existing employer, all employees of the original employer who remain employed by the successor employer are entitled to all earned paid sick time they accrued when employed by the original employer, and are entitled to use earned paid sick time previously accrued.

(G) At its discretion, an employer may loan earned paid sick time to an employee in advance of accrual by such employee.

5. Any employer with a paid leave policy, such as a paid time off policy, who makes available an amount of paid leave sufficient to meet the accrual requirements of this section that may be used for the same purposes and under the same conditions as earned paid sick time under sections 285.600 through 285.642 is not required to provide additional paid sick time.

6. Nothing in this section shall be construed as requiring financial or other reimbursement to an employee from an employer upon the employee's termination, resignation, retirement, or other separation from employment for accrued earned paid sick time that has not been used.

285.606. 1. Earned paid sick time shall be provided to an employee by an employer for:

(A) An employee's mental or physical illness, injury, or health condition; an employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; an employee's need for preventive medical care;

(B) Care of a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; care of a family member who needs preventive medical care; or

(C) Closure of the employee's place of business by order of a public official due to a public health emergency, or an employee's need to care for a child whose school or place of care has been closed by order of a public official due to a public health emergency, or care for oneself or a family member when it has been determined by the health authorities having jurisdiction or by a health care provider that the employee's or family member's presence in the community may jeopardize the health of others because of his or her exposure to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

2. Earned paid sick time shall be provided upon the request of an employee. Such request may be made orally, in writing, by electronic means or by any other means acceptable to the employer. When possible, the request shall include the expected duration of the absence.

3. When the use of earned paid sick time is foreseeable, the employee shall make a good faith effort to provide notice of the need for such time to the employer in advance of the use of the earned paid sick time and shall make a reasonable effort to schedule the use of earned paid sick time in a manner that does not unduly disrupt the operations of the employer. Where such need is not foreseeable, an employer may require an employee to provide notice of the need for the use of earned paid sick time as soon as practicable.

4. An employer that requires notice of the need to use earned paid sick time where the need is not foreseeable shall provide a written policy that contains procedures for the employee to provide notice. An employer that has not provided to the employee a copy of its written policy for providing such notice shall not deny earned paid sick time to the employee based on non-compliance with such a policy.

5. An employer may not require, as a condition of an employee's taking earned paid sick time, that the employee search for or find a replacement worker to cover the hours during which the employee is using earned paid sick time.

6. Earned paid sick time may be used in the smaller of hourly increments or the smallest increment that the employer's payroll system uses to account for absences or use of other time.

7. For earned paid sick time of three or more consecutive work days, an employer may require reasonable documentation that the earned paid sick time has been used for a purpose covered by subsection (1) of this section. Documentation signed by a heath care professional indicating that earned paid sick time is necessary shall be considered reasonable documentation for purposes of this section. An employer may not require that the documentation explain the nature of the illness unless otherwise required by law.

285.609. 1. It shall be unlawful for an employer or any other person to interfere with, restrain, or deny the exercise of, or the attempt to exercise, any right protected under sections 285.600 through 285.642.

2. An employer shall not take retaliatory personnel action or discriminate against an employee or former employee because he or she has exercised rights protected under sections 285.600 through 285.642. Such rights include, but are not limited to, the right to request or use earned paid sick time pursuant to sections 285.600 through 285.642; the right to file a complaint or inform any person about any employer's alleged violation of sections 285.600 through 285.642; the right to participate in an investigation, hearing, or proceeding or cooperate with or assist the Department in any investigations of alleged violations of sections 285.600 through 285.642; and the right to inform any person of his or her potential rights under sections 285.600 through 285.642.

3. It shall be unlawful for an employer's absence control policy to count earned paid sick time taken under sections 285.600 through 285.642 as an absence that may lead to or result in discipline, discharge, demotion, suspension, or any other adverse action.

4. Protections of this section shall apply to any individual who mistakenly but in good faith alleges violations of sections 285.600 through 285.642.

285.612. 1. Employers shall give employees written notice of the following at the commencement of employment or by ninety days after this law goes into effect, whichever is later: employees are entitled to earned paid sick time and the amount of earned paid sick time, the terms of its use guaranteed under sections 285.600 through 285.642, that retaliatory personnel action against employees who request or use earned paid sick time is prohibited, that each employee has the right to bring a civil action if earned paid sick time as required by sections 285.600 through 285.642 is denied by the employer or the employee is subjected to retaliatory personnel action for requesting or taking earned paid sick time, and, if applicable, the contact information for the Department where questions about rights and responsibilities under sections 285.600 through 285.642 may be answered.

2. Employers shall display a poster that contains the information required in subsection (1) of this section in a conspicuous and accessible place in each establishment where such employees are employed, provided that such poster has been provided by the Department.

3. The Department may create and make available to employers, model notices and posters that contain the information required under subsection (1) of this section for employers' use in complying with subsections (1) and (2) of this section. Nothing in this subsection shall be interpreted or applied, either expressly or through practical necessity, to require the Department to create or make available notices or posters if it requires the appropriation of funds to cover the costs of such acts.

285.615. 1. Employers shall retain records documenting hours worked by employees and earned paid sick time taken by employees, for a period of not less than three years, and shall allow the Department access to such records, with appropriate notice and at a mutually agreeable time, to monitor compliance with the requirements of sections 285.600 through 285.642.

2. To the extent permitted by law, the Director may inspect such records, and the records shall be open for inspection by the Director by appointment. Where the records required under this section are kept outside the state, the records shall be made available to the Director upon demand. Every such employer shall furnish to the Director on demand a sworn statement of time records and information upon forms prescribed or approved by the Director. All the records and information obtained by the Department are confidential and shall be disclosed only on order of a court of competent jurisdiction.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department or Director to access or inspect records or to create forms relating to the inspection of records if it requires the appropriation of funds to cover the costs of such acts.

285.618. 1. The Department may, in accordance with chapter 536, promulgate rules to implement the provisions of sections 285.600 through 285.642. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2018, shall be invalid and void.

2. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the promulgation or adoption of rules if it requires the appropriation of funds to cover the costs of such acts.

285.621. 1. To the extent permitted by law, the Department may investigate and ascertain compliance with sections 285.600 through 285.642, establish and implement a system to receive complaints regarding non-compliance with sections 285.600 through 285.642 and to investigate and attempt to resolve complaints through mediation between the complainant and the subject of the complaint, and establish additional means of enforcement to the extent permitted by the law.

2. The Department may develop and implement an outreach program to inform employees, parents, and persons who are under the care of a health care provider about the availability of earned paid sick time under sections 285.600 through 285.642. This program may include the distribution of notices and other written materials to child care and elder care providers, domestic violence shelters, schools, hospitals, community health centers and other health care providers in Missouri.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department to conduct investigations and ascertain compliance with sections 285.600 through 285.642, to establish and implement a system to receive or resolve complaints, to establish additional means of enforcement, or to conduct outreach and education, including the creation of notices and other written materials, concerning sections 285.600 through 285.642, if it requires the appropriation of funds to cover the costs of such acts.

285.624. 1. To the extent permitted by law, any employer who violates or fails to comply with any of the provisions and requirements of sections 285.600 through 285.642 shall be guilty of a class C misdemeanor and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for violation of a class C misdemeanor; provided, however, that an employer who willfully violates the notice and posting requirements of section 285.612 shall be guilty of an infraction and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for an infraction.

2. For purposes of this section, each day of violation or failure to comply and each employee affected shall constitute a separate offense.

285.627. 1. Any individual who claims to have been aggrieved by a failure of an employer to comply with any portion of sections 285.600 through 285.642, including but not limited to the failure to provide earned paid sick time or to allow employees to use such time consistent with sections 285.600 through 285.642, or who claims to have suffered a retaliatory personnel action, shall have a right of action and may commence a civil action in the appropriate court of jurisdiction within three years of the accrual of the cause of action, to obtain appropriate relief with respect to such unlawful violation.

2. In a civil action under this section, if the court finds a violation has occurred, the court may grant as relief, as it deems appropriate and to the extent permitted by law, any permanent or temporary injunction, the full amount of any unpaid earned sick time plus any actual damages suffered as the result of the employer's violation of sections 285.600 through 285.642, an additional amount equal to twice any unpaid earned sick time as liquidated damages, costs, and reasonable attorney's fees as may be allowed by the court, and other legal or equitable relief as may be appropriate to remedy the violation, including, without limitation, reinstatement to employment and back pay. Any agreement between the employee and the employer to waive the protections of sections 285.600 through 285.642, with the exception of section 285.633, shall be no defense to the action.

285.630. 1. Except as otherwise required by law, an employer may not require disclosure of details relating to an employee's or an employee's family member's health information as a condition of providing earned paid sick time under sections 285.600 through 285.642.

2. Unless as otherwise required by law, any health information possessed by an employer regarding an employee or employee's family member must:

(A) be maintained on a separate form and in a separate file from other personnel information;

(B) be treated as confidential medical records; and

(C) not be disclosed except to the affected employee or with the express written permission of the affected employee.

285.633. 1. All or any portion of the earned paid sick time requirements of sections 285.600 through 285.642 shall not apply to employees covered by a valid collective bargaining agreement, to the extent that such requirements are expressly waived in the collective bargaining agreement in clear and unambiguous terms; provided further, that no provisions of sections 285.600 through 285.642 shall apply to any employee engaged in construction work in the construction industry who is covered by a valid collective bargaining agreement.

2. Notwithstanding subsection (1) of this section, with respect to employees covered by a valid collective bargaining agreement in effect on the effective date of sections 285.600 through 285.642, no provisions of sections 285.600 through 285.642 shall apply until the stated expiration date in the collective bargaining agreement.

3. Nothing in sections 285.600 through 285.642 shall be deemed to interfere, impede, or otherwise diminish the right of employees to bargain collectively through representatives of their own choosing.

285.636. 1. Nothing in sections 285.600 through 285.642 shall be construed to discourage or prohibit an employer from the adoption or retention of an earned paid sick time policy more generous than the one required herein.

2. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the obligation of an employer to comply with any contract, collective bargaining agreement, employment benefit plan, or other agreement providing more generous paid sick time to an employee than required herein. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the rights of public employees regarding paid sick time or use of paid sick time as provided in the laws of Missouri pertaining to public employees.

285.639. 1. Sections 285.600 through 285.642 provide minimum requirements pertaining to earned paid sick time and shall not be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, requirement, policy, or standard that provides for greater accrual or use by employees of earned paid sick time or that extends other protections to employees.

2. Nothing in sections 285.600 through 285.642 shall be interpreted or applied to create a power or obligation contrary to any federal law, rule, or regulation.

285.642. Except as detailed in section 285.618, all of the provisions of sections 285.600 through 285.642 are severable, and if any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 285.600 through 285.642 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application, and to this end the provisions of sections 285.600 through 285.642 are declared severable.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-037)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 285 of the Revised Statutes of Missouri. (Received November 17, 2016)

Date

December 7, 2016

Description

This proposal would amend Chapter 285 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Lottery,** the **Public Service Commission,** the **State Tax Commission,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Veterans Commission,** the **Missouri Ethics Commission,** the **Missouri Office of Prosecution Services,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St.**

Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** the **Lieutenant Governor's office,** the **Children's Trust Fund,** the **Missouri Joint Municipal Electric Utility Commission,** the **State Auditor's office, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and Missouri Jobs with Justice Voter Action provided information as proponents of the proposal to the State Auditor's office.

Officials from the **Attorney General's office** indicated various provisions of the proposal authorize their department to promulgate rules, establish mediation procedures "and additional means of enforcement… ." They assume that their office may provide some review of proposals, but assume that any potential costs arising from this proposal can be absorbed with existing resources. They may seek additional appropriations if there is an increased review of rules in later years.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will be deferring to the Office of Administration and the Department of Labor and Industrial Relations regarding any fiscal impact this initiative petition might have.

Officials from the **Department of Higher Education** indicated the state, including departments, are exempt from the definition of "employer," so this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated there is no fiscal impact to their department as a result of this initiative petition. Section 285.600 (5) indicates "for the purposes of sections 285.600 through 285.642 "employer" does not include the United States Government, the state, …., including a department, agency, …."

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated they expect no change in revenues or expenses in fiscal years 2017, 2018, and 2019.

The petition, if passed by voters, would require businesses with 15 or more employees to provide paid sick time. It also would allow their department to educate employers, take complaints, and perform investigations of violations of the new law.

The long-range fiscal implications are the same as those of the estimate period.

Under the new language, they may educate employers and employees, promulgate rules, take complaints, and conduct investigations of alleged violations of the new provisions. They believe the education, registration of complaints, and investigations would be conducted in a manner similar to those conducted under the Minimum Wage program. Using employer information from the United States Census Bureau for employers with more than ten employees, they estimate that it would receive complaints from 1.5% of the estimated 40,886 businesses with 10 or more employees, or 613 complaints annually. (The Census Bureau does not break employers at the 15 or more level.) To investigate these 613 complaints, they would require 3.50 Wage & Hour Investigator I/IIs. In FY 2016, 578 complaints were closed by 3.50 Investigators, averaging 165 per FTE. Using this calculation, they estimate it would need 3.50 FTE and the standard per FTE expenses and equipment to complete these activities.

However, Sections 285.612, 285.615, 285.618, and 285.621 expressly state that they are not required to take on the new duties it is authorized to perform under this proposal if doing so will require an appropriation to cover the costs of performing the duties. Because these duties are optional and are not required of their department, if there is no appropriation made to cover the cost, they estimate no mandated fiscal impact for this proposal.

Officials from the **Department of Revenue** indicated they defer this fiscal note to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they will defer to the Office of Administration response to this petition.

Officials from the **Department of Social Services** indicated they will defer to the Office of Administration response to this petition. They indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no fiscal impact to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated:

This initiative petition adds 15 new sections to Chapter 285 related to sick leave.

Under this proposal, employers would be required to provide paid sick leave to employees. The amount would be dependent upon the number of employees. It does not include employees covered under a valid collective bargaining agreement and it provides employees with an avenue of recourse if the employee claims to be aggrieved.

The State of Missouri is excluded from the provisions of this proposal, therefore there would be no statewide impact related to this proposal other than potentially higher costs for services purchased by the state. However, the Department of Labor and Industrial Relations (DOLIR) will be impacted. Budget and Planning defers to the DOLIR for the specific impact to that agency.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office, as they are an independent department within state government and by definition state employees are exempt from this proposed legislation.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated expect no significant impact on their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted because cities are not employers. An indirect cost to cities may arise through increased labor costs of those vendors contracting with the city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition could have a fiscal impact on local government.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined that for benefit eligible employees (defined as working .75 or >) that it does not appear that the proposed legislation as written would create a significant fiscal impact to their university.

Officials from the **Missouri Lottery** indicated no fiscal impact to their agency.

Officials from the **Public Service Commission** indicated no fiscal impact on their agency.

Officials from the **State Tax Commission** indicated this initiative petition pertaining to sick leave in Chapter 285 does not directly impact their office. As a state agency this matter is under the direction of Office of Administration, Division of Personnel.

Officials from the **Missouri Veterans Commission** indicated no fiscal impact to their agency.

Officials from the **Missouri Office of Prosecution Services** indicated no measurable fiscal impact to their office.

Officials from the **Kansas City Boards of Election Commissioners** indicated there is no fiscal impact with amendments to Chapter 285, Versions 1 -12, since the State is not responsible for costs associated with the November 2018 election.

Officials from the **Platte County Board of Elections** indicated the proposed initiative would have no fiscal impact on their office.

Officials from the **Jackson County Election Board** indicated no fiscal impact on their office.

Officials from the **Lieutenant Governor's office** indicated it is anticipated that this initiative petition will impose little to no costs or savings on their office.

Officials from the **Children's Trust Fund** indicated they are part of the Office of Administration and thus will be covered by the Office of Administration's official response. They will not be responding separately.

Officials from the **Missouri Joint Municipal Electric Utility Commission** indicated:

The Missouri Association of Municipal Utilities represents approximately 120 cities in Missouri providing utility services to their customer/owners. They do not represent cities in their general business operation. That representation is undertaken by the Missouri Municipal League and its executive director Dan Ross.

Based on a review of each of the 12 versions it appears that there would be no direct cost to any of their cities since the framers of the amendment specifically excluded cities from the definition of employers and city employees from coverage of the proposed changes.

However, it is possible that cities may experience some increases in the cost of goods and services consumed in the regular course of business as a result of higher labor input costs. It is impossible to accurately predict those increases other than to make you aware of the potential.

Officials from the **State Auditor's office** indicated there is no fiscal impact for their office.

Officials from **University of Central Missouri** indicated if they are included in the definition of "employer" that would be impacted by this legislation, they would have an additional cost of roughly $340,000. In fiscal year 2016, part-time employees worked nearly 679,000 hours. If each 30 hours resulted in one sick time hour, that would be 22,634 hours. At an average rate of $15/hour, that would have a fiscal impact of $340,000.

If the definition of employer is interpreted to exclude UCM because of its status as a state agency, then there would be no fiscal impact.

Officials from **Missouri State University** indicated no fiscal impact on their university.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Lara Granich and Missouri Jobs with Justice Voter Action provided the following information as proponents of this initiative petition.

November 28, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Earned Sick Time Petitions
Petitions numbered by MO SOS at 2018-28 to 2018-39

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Earned Sick Time Petitions.

This analysis uses data collected by the U.S. Bureau of Labor Statistics, the Centers for Disease Control and Prevention, and the U.S. Census Bureau to evaluate the impact of earned sick time laws in Missouri. This analysis uses findings from previous peer-reviewed research to estimate cost-savings associated with the proposed policies through reduced turnover, reduced spread of contagious disease in the workplace, prevention of productivity losses from employees working while sick, minimized nursing-home stays, and reduced norovirus outbreaks in nursing homes. We also address certain claims that have been made by opponents in the past.

I. Estimate of Number of Workers Affected Statewide

According to the Institute for Women's Policy Research, an estimated 1,002,116 private sector workers in Missouri, or 45.9 percent of the workforce, cannot earn a single paid sick day to use to recover from common illnesses or seek medical care.[1]

II. Direct Costs to State

As these proposed initiatives exclude public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Enforcement would be handled by existing staff at the Department of Labor.

III. Economic Literature on the Impact of Earned Sick Time on Businesses

This analysis quantifies only a subset of potential benefits, predicting a net economic benefit from both of the proposed laws. Likely additional benefits from paid sick days not quantified in this analysis include: reduced health care spending due to reduced public contagion and more timely and regular preventive care and treatment; improved economic security among families who receive pay on sick days and are less likely to be fired or disciplined for taking sick time; and improved school outcomes and reduced contagion in schools, when parents can avoid sending sick children to school or child care.

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country. There is no evidence of business closures/layoffs as a result of earned sick time laws. Both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed. In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates. 2

The Washington D.C. Auditor reported "that the Accrued Sick and Safe Leave Act did not have the economic impact of encouraging business owners to move a business from the District nor did the Act have the economic impact of discouraging business owners to locate a business in the District of Columbia."3 New York City reported that "New York City's economy has thrived since the enactment of PSL [paid sick leave]. Between January 2014 and January 2015, a period that covers the law's implementation, economic indicators were a cause for celebration, not concern as many had predicted." 4

[1] 1 Institute for Women's Policy Research & National Partnership for Women & Families. (2015, May). Workers' Access to Paid Sick Days in the States. Table 2. Retrieved 8 July 2015, from http://www.nationalpartnership.org/research-library/work-family/psd/workers-access-to-paid-sick-days-in-the-states.pdf

[2] http://iwpr.org/publications/pubs/paid-sick-days-benefit-employers-workers-and-the-economy

[3] http://www.dcauditor.org/reports/audit-accrued-sick-and-safe-leave-act-2008

[4] http://www1.nyc.gov/assets/dca/downloads/pdf/about/PaidSickLeaveLaw-FirstYearMilestones.pdf

Summary of Benefits Associated With Missouri's Proposed Earned Sick Time Law

Benefits	Firms with <50 Employees			Firms with 50+ Employees		
	Dollars	Average per-worker savings		Dollars	Average per-worker costs/savings	
BENEFITS						
Lower Turnover	$32,718,875			$146,675,016		
Reduced Flu Contagion in the Workplace	$1,334,044			$5,980,370		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Employers' Savings	**$34,052,920**	**$6.97**	**$0.21**	**$152,655,386**	**$9.44**	**$0.26**
Reduced Short-Term Nursing Home Stays	$2,415,006			$8,165,162		
Reduced Norovirus in Nursing Homes	$21,692			$93,129		
Reduced Flu Contagion	$233,249			$771,691		
Reduced Emergency Department Visits	$3,512,104			$11,619,581		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Community Savings	**$6,182,052**	**$1.26**	**$0.04**	**$20,649,564**	**$1.28**	**$0.03**

Note: "Small" firms are defined in the proposed laws at firms employing fewer than 15 employees and "Large" firms are defined as firms employing 15 or more employees.

Source: Institute for Women's Policy Research Analysis of the 2014 American Community Survey (ACS), the 2016 National Compensation Survey (NCS), the 2013-2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2010 Current Population Survey Displaced Worker, Employee Tenure, and Occupational Mobility Supplement File, and the 2014-2015 National Health Interview Survey (NHIS).

Note on Methodology

The estimates are based on analyses of the following data sets: the 2013–2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2014-2015 National Health Interview Survey (NHIS), the 2014 American Community Survey (ACS), the 2016 National Compensation Survey and the 2014 Medical Expenditure Panel Survey along with findings from previous peer-reviewed research.

This analysis was limited to only private sector workers as the proposed legislation only covers such workers. The proposed legislation does include some small exemptions for certain employees which this analysis does not account for. Excluding such workers would result in minor reductions in both the costs and benefits estimated, but general trends would remain the same. To learn more about the methodology and sources please see "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days"[5]

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,
Lara Granich
Missouri Jobs with Justice Voter Action

[5] Williams, Claudia. 2013. "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days." IWPR Publication No. B311. Washington, DC: Institute for Women's Policy Research.

INSTITUTE FOR WOMEN'S POLICY RESEARCH

Briefing Paper

www.iwpr.org

IWPR #B361 July 2016

Paid Sick Days Benefit Employers, Workers, and the Economy

Jessica Milli, PhD., Jenny Xia, and Jisun Min

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country.[1] Yet millions more still would not be paid if they need to stay at home when they are sick or need to care for a family member who is ill. As of 2014, 51 million workers lacked access to paid sick days.[2]

Research has documented many benefits of paid sick days policies for workers, businesses, and communities as a whole. These benefits would multiply substantially if more workers gained access to paid sick days. This briefing paper summarizes research on the benefits of paid sick days and the effects of paid sick days policies in places that have them.

Employers Benefit from Paid Sick Days

- **Reduced contagion in the workplace:** A 2010 survey conducted by the National Opinion Research Center found that employees without access to paid sick days are 1.5 times more likely than those with access to go to work with a contagious illness (55 percent compared with 37 percent).[3] Such "presenteeism" has serious public health consequences including flu contagion. A 2010 analysis of labor force and Centers for Disease Control data estimated that more than one in four private sector employees worked while ill with H1N1 during the 2009 H1N1 pandemic, resulting in the estimated infection of 7 million co-workers with H1N1. Work absences from illness dropped more precipitously among public sector workers than among private sector workers during the decline of the pandemic. Because employees in the public sector have greater access to paid sick days, the finding suggests that paid sick days played a role in slowing contagion and potentially in speeding recovery.[4] A 2013 study employed a model simulating influenza contagion to estimate reductions in contagion rates under a universal paid sick days policy. Using data from the American Community Survey, LandScan USA, and the U.S. Census, the study estimated that providing paid sick days would reduce workplace influenza infection in the United States by about 6 percent.[5]

- **Improved productivity:** When workers come to work sick, their productivity and performance suffer. Estimates of productivity losses vary across studies. A 1997 study polling 332 workers who had influenza-like illnesses found that workers on average reported being 46 percent less effective while ill at work.[6] A 2003 study based on interviews with more than 28,000 workers reported that on average, workers lose 1.32 hours per week of productive time due to personal health related reasons.[7] Since workers

with access to paid sick days are less likely to come to work sick and infect their co-workers,[8] paid sick days can prevent further productivity losses resulting from illness and contagion in the workplace.

- **Decreased workplace injuries:** Working while sick also puts employees at greater risk of injury on the job. A 2012 study using the 2005 through 2008 National Health Interview Survey (NHIS) found that after controlling for factors like survey year, occupational sector, firm size, region, and the availability of paid sick leave, workers with access to paid sick days are 28 percent less likely to be injured on the job than workers without this benefit.[9]

- **Decreased employee turnover:** A 2012 analysis of data collected between 2004 and 2006 through the Medical Expenditure Panel Survey (MEPS) finds that the likelihood of job separation decreases by about 25 percent when a worker has access to paid sick days, even after controlling for potential confounding factors such as workers' educational attainment, earnings, and race/ethnicity.[10] As employee turnover typically costs an employer between 10 and 30 percent of an employee's annual salary,[11] a reduction in turnover can result in significant reductions in employer costs.

Paid Sick Days Improve Public Health

- **Increased use of preventive care:** Since paid sick days can be used for doctor visits, workers with paid sick days are more likely to seek preventive care and to be screened for diseases such as cancer, which can lead to early detection and treatment. A 2012 study using 2008 National Health Interview Survey (NHIS) data finds that after controlling for sociodemographic and health-care-related factors, workers with paid sick days are significantly more likely to have had mammograms, Pap tests, and endoscopy, and to have seen a doctor during the previous year than those without the benefit.[12]

- **More timely treatment for illnesses:** Workers without paid sick days are more likely to delay medical care when they or a family member is ill which can lead to a more serious or prolonged illness.[13]A 2016 analysis of the 2013 NHIS—which controlled for demographic and health-related factors like race and ethnicity, occupation, annual family income, and health insurance coverage—indicates that workers without paid sick leave are three times more likely to forgo medical care for themselves, and 1.6 times more likely to forgo medical care for their families, compared with workers who have the benefit.[14] A 2011 analysis of the NHIS found that when they do seek care, workers without paid sick days—regardless of their educational attainment, income, race/ethnicity and other demographic characteristics—are more likely to use an emergency department for care.[15]

- **Improved family health:** Paid sick days may encourage workers to respond to their children's and family members' health needs in a timely manner, thereby improving overall health outcomes for their families. Paid sick days are a primary factor affecting whether a working parent will stay at home with a sick child rather than sending them to school or child care sick. The 2010 National Opinion Research Center Survey found that

28 percent of workers without paid sick days reported sending a sick child to school or child care, compared with 14 percent of workers with paid sick days.[16] A 2012 study analyzing the 2008 National Study of the Changing Workforce (NSCW) and controlling for worker and job characteristics finds that having paid sick days is associated with reduced work-family conflict, which lessens difficulties parents face in taking time off from work to care for a sick child.[17]

Paid Sick Days Bring Economic Benefits for Workers, Families, and Communities

- **Improved employment and earnings stability:** When incomes are not interrupted by unpaid leave, families experience greater financial stability and economic well-being. According to a 2010 poll, 16 percent of workers surveyed reported losing a job for missing work when they were sick or to care for an ill family member.[18] Research has shown that having paid sick days reduces the likelihood of a job separation by at least 25 percent.[19]

- **Improved labor force attachment among caregivers:** Informal caregivers whose work schedules are incompatible with the care needs of their family members may decrease their work hours or even leave the labor force completely.[20] One 2011 Gallup poll found that most caregivers, including parents, reported missing at least one full day of work to fulfill their caregiving duties with an average of 6.6 workdays missed per year.[21] Paid sick days, however, may provide sufficient leave to caregivers to allow them to maintain their desired level of employment while continuing to perform their caregiving work.

- **Savings from reduced utilization of hospital emergency departments and a lower monetary burden on taxpayers:** A 2011 study using the 2008 and 2009 NHIS finds that the annual number of emergency department visits per worker without paid sick days is greater than it is for those with the benefit. Using MEPS data on the cost of emergency department visits, the study estimates that a lack of paid sick days resulted in an estimated 1.3 million preventable emergency department visits every year in the United States in 2008, costing $1.1 billion more than office visits would have. Part of these costs—$500 million—were paid by public insurance programs such as Medicaid.[22]

Research Finds Benefits of Existing Paid Sick Days Laws and Minimal Costs to Employers

Since the implementation of the first paid sick days law in 2007, several studies have evaluated the impacts of the legislation, with a particular emphasis on the effects on employers. These evaluations have largely found that the overall impact on businesses was minimal. Many firms saw benefits from the policy and counted themselves as supporters after implementing it.

- **Minimal costs:** Costs to employers of providing paid sick days have been modest. In Seattle, evaluations found that the cost of providing paid sick leave in 2013 was only

about 0.4 percent of total firm revenue for the year.[23] In Connecticut, nearly half of 228 employers surveyed in 2013, a year and a half after the state's paid sick days law's implementation, reported having no increased overall cost, and 19.1 percent of employers reported an increased cost of less than 2 percent.[24] In San Francisco, the paid sick leave ordinance created additional costs for a relatively small share of employers. Six out of seven employers reported no adverse effects on profitability.[25]

- **Ease of implementation:** Research shows that paid sick days have minimal effect on business operations. Most San Francisco employers reported that implementing the Paid Sick Leave Ordinance was not difficult.[26] Likewise, about two thirds of Seattle employers reported that implementing the Paid Sick and Safe Time Ordinance was not very difficult, and 70 percent expressed support for the policy a year after implementation of the Ordinance.[27] Similarly, a large majority of Connecticut employers surveyed in 2013 indicated that the Paid Sick Leave Law did not burden business operations.[28]

- **Employees use paid sick days judiciously:** Several years after the implementation of San Francisco's paid sick days law, an IWPR survey of 1,194 workers found that employees in San Francisco used fewer than half of the sick days available under the paid sick leave ordinance.[29] Using data from the 2014 NHIS, IWPR found that most workers who do have access to paid sick days do not use any in a given year.[30] In regions that have passed paid sick day laws, surveys suggest that abuse of paid sick days is rare. Among 228 Connecticut employers surveyed by the Center for Economic and Policy Research, 86 percent reported no known cases of abuse more than a year after paid sick days was implemented.[31] A report published by the City of Seattle auditor finds that more than nine in ten Seattle employers surveyed in 2012 had never reprimanded an employee for abusing paid sick days.[32]

- **Sustained job growth and employment:** In contrast to messaging communicated by big business lobbyists prior to the laws' passage, both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed.[33] In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates.[34]

- **Improved employee morale, motivation, loyalty, and productivity**: Over a quarter of Connecticut employers reported improved morale, 12.5 percent reported increased employee motivation, 10.6 percent reported increased loyalty, and 14.9 percent reported increased productivity after implementation of the state's paid sick days law.[35]

- **Improved work life balance for employees:** A 2010 IWPR survey found that one out of four San Francisco employees reported that paid sick days enabled them to better care for their own and their families' health needs. In addition, nearly 30 percent reported that their employers were more supportive when they needed to use their leave than they were

prior to the law's passage. More than half of all San Francisco workers reported at least one benefit as a result of the ordinance.[36]

- **Reduced flu contagion in locations with paid sick day laws:** One recent study used Google Flu data from 2003 to 2015 to show that influenza-like infection rates decrease significantly when workers gain access to paid sick days. By comparing the rates of influenza-like illnesses in regions with paid sick days policies—including the District of Columbia, Connecticut, California, Massachusetts, and Oregon—with those lacking such laws, the study finds that infection rates decrease by about 10 percent when employees without coverage obtain paid sick days.[37]

Conclusion

Literature spanning the fields of public health, economics, sociology, medicine, social work, and public policy converge to reflect the health, employment, and economic benefits of paid sick days. Research suggests that more widespread implementation of paid sick days policies would have a substantial positive impact on the well-being of children, families, and communities across the United States.

Notes

[1] For a complete list of paid sick days laws and their provisions, see: A Better Balance, "Overview of Paid Sick Time Laws in the United States," <http://www.abetterbalance.org/web/images/stories/Documents/sickdays/factsheet/PSDchart.pdf> (accessed May 4, 2016).
[2] Jenny Xia, Jeffrey Hayes, Barbara Gault, and Hailey Nguyen, "Paid Sick Days Access and Usage Rates Vary by Race/Ethnicity, Occupation, and Earnings," Institute for Women's Policy Research (February 2016) <http://iwpr.org/publications/pubs/paid-sick-days-access-and-usage-rates-vary-by-race-ethnicity-occupation-and-earnings> (accessed March 18, 2016).
[3] Tom W. Smith and Jibum Kim, "Paid Sick Days: Attitudes and Experiences," Public Welfare Foundation (June 2010) <http://www.nationalpartnership.org/research-library/work-family/psd/paid-sick-days-attitudes-and-experiences.pdf> (accessed January 12, 2016).
[4] Robert Drago and Kevin Miller, "Sick at Work: Infected Employees in the Workplace During the H1N1 Pandemic," Institute for Women's Policy Research (January 2010) <http://iwpr.org/publications/pubs/sick-at-work-infected-employees-in-the-workplace-during-the-h1n1-pandemic > (accessed March 18, 2016).
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Funding for this briefing paper was provided by the Ford Foundation and the Annie E. Casey Foundation.

For more information on IWPR reports or membership, please call (202) 785-5100, e-mail iwpr@iwpr.org, or visit www.iwpr.org.

The Institute for Women's Policy Research (IWPR) conducts rigorous research and disseminates its findings to address the needs of women, promote public dialogue, and strengthen families, communities, and societies. The Institute works with policymakers, scholars, and public interest groups to design, execute, and disseminate research that illuminates economic and social policy issues affecting women and their families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR's work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations and corporations. IWPR is a 501(c)(3) tax-exempt organization that also works in affiliation with the women's studies, and public policy and public administration programs at The George Washington University.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Ethics Commission,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Clay County Board of Election Commissioners, Harris-Stowe State University, Lincoln University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local governments expect no direct costs from this proposal, but indicated unknown higher costs for goods and services may result. Any change in tax revenue for state and local governments is unknown.

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 17, 2016

RECEIVED
NOV 17 2016
STATE AUDITORS OFFICE

The Honorable Chris Koster
Attorney General
Supreme Court Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 285, version 9 (2018-036)

Dear Attorney General Koster:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 16, 2016.

Pursuant to Section 116.332, RSMo, we are referring the proposed petition sample sheet to your office for review. Please respond within the next ten days as required by Section 116.334, RSMo.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: James Layton
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
NOV 16 2016
MO. SECRETARY OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

Section 285.055 of the Revised Statutes of Missouri is amended and fifteen new sections to be known as sections 285.600, 285.603, 285.606, 285.609, 285.612, 285.615, 285.618, 285.621, 285.624, 285.627, 285.630, 285.633, 285.636, 285.639, and 285.642 are enacted to read as follows:

285.055. 1. As used in this section, the following terms shall mean:

(1) "Employee", an individual employed in this state by an employer;

(2) "Employer", any individual, sole proprietorship, partnership, limited liability company, corporation, or any other entity that is legally doing business in this state; provided, however, that employer shall not include any public employer as defined in section 285.525;

(3) "Employment benefits", anything of value that an employee may receive from an employer in addition to wages and salary. The term includes, but is not limited to, health, disability, retirement, profit-sharing, and death benefits; group accidental death and dismemberment benefits; paid or unpaid days off from work for holidays, [sick leave,] vacation, and personal necessity; and terms of employment, attendance, or leave policies; provided, however, that for purposes of this section, "employment benefits" does not include paid or unpaid days off from work for sick leave that can be used for the purposes listed in subsection (1) of section 285.606.

(4) "Political subdivision", any county, city, town, or village.

2. No political subdivision shall establish, mandate, or otherwise require an employer to provide to an employee:

(1) A minimum or living wage rate; or

(2) Employment benefits;

that exceed the requirements of federal or state laws, rules, or regulations. The provisions of this subsection shall not preempt any state law or local minimum wage ordinance requirements in effect on August 28, 2015.

285.600. As used in sections 285.600 through 285.642:

(1) "Construction", includes construction, reconstruction, improvement, enlargement, alteration, painting and decorating, or major repair.

(2) "Construction industry", includes any employer whose employees conduct or perform construction as a principal component of the employer's business or enterprise.

(3) "Department", Department of Labor and Industrial Relations.

(4) "Director", Director of the Department of Labor and Industrial Relations.

(5) "Earned paid sick time", time that is compensated at the same hourly rate and with the same benefits, including health care benefits, as the employee normally earns during hours worked and is provided by an employer to an employee for the purposes described in section 285.606, but in no case shall this hourly amount be less than that provided under section 290.502.

(6) "Employee", any individual employed in this state by an employer, but does not include:

(A) Any individual engaged in the activities of an educational, charitable, religious, or nonprofit organization where the employer-employee relationship does not, in fact, exist or where the services rendered to the organization are on a voluntary basis;

(B) Any individual standing in loco parentis to foster children in their care;

(C) Any individual employed for less than four months in any year in a resident or day camp for children or youth, or any individual employed by an educational conference center operated by an educational, charitable or not-for-profit organization;

(D) Any individual engaged in the activities of an educational organization where employment by the organization is in lieu of the requirement that the individual pay the cost of tuition, housing or other educational fees of the organization or where earnings of the individual employed by the organization are credited toward the payment of the cost of tuition, housing or other educational fees of the organization;

(E) Any individual employed on or about a private residence on an occasional basis for six hours or less on each occasion;

(F) Any individual employed on a casual basis to provide baby-sitting services;

(G) Any individual employed by an employer subject to the provisions of part A of subtitle IV of title 49, United States Code, 49 U.S.C. §§ 10101 et seq.;

(H) Any individual employed on a casual or intermittent basis as a golf caddy, newsboy, or in a similar occupation;

(I) Any individual who is employed in any government position defined in 29 U.S.C. §§ 203(e)(2)(C)(i)-(ii); or

(J) Any individual who is an offender, as defined in section 217.010, who is incarcerated in any correctional facility operated by the department of corrections, including offenders who provide labor or services on the grounds of such correctional facility pursuant to section 217.550.

(7) "Employer", any person acting directly or indirectly in the interest of an employer in relation to an employee; provided, however, that for the purposes of sections 285.600 through 285.642, "employer" does not include the United States Government, the state, or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state.

(8) "Family member", any of the following individuals:

(A) Regardless of age, a biological, adopted or foster child, stepchild or legal ward, a child of a domestic partner, a child to whom the employee stands in loco parentis, or an individual to whom the employee stood in loco parentis when the individual was a minor;

(B) A biological, foster, stepparent or adoptive parent or legal guardian of an employee or an employee's spouse or domestic partner or an individual who stood in loco parentis when the employee or employee's spouse or domestic partner was a minor child;

(C) An individual to whom the employee is legally married under the laws of any state, or a domestic partner who is registered as such under the laws of a political subdivision;

(D) A grandparent, grandchild, or sibling (whether of a biological, foster, adoptive or step relationship) of the employee or the employee's spouse or domestic partner; or

(E) A member of the employee's household.

(9) "Health care professional," any individual licensed under Federal or State law to provide medical or emergency services, including but not limited to doctors, nurses, certified nurse midwives, and emergency room personnel.

(10) "Person", any individual, partnership, association, corporation, business, business trust, legal representative, or any organized group of persons.

(11) "Retaliatory personnel action", denial of any right guaranteed under sections 285.600 through 285.642, or any threat, discharge, suspension, demotion, reduction of hours, or any other adverse action against an employee for the exercise of any right guaranteed herein. "Retaliatory personnel action" shall also include interference with or punishment for in any manner participating in or assisting an investigation, proceeding, or hearing under sections 285.600 through 285.642.

(12) "Year", a regular and consecutive twelve-month period as determined by the employer; except that for the purposes of section 285.615 and section 285.627, "year" shall mean a calendar year.

285.603. 1. Employees of an employer with fifteen or more employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than fifty-six hours of earned paid sick time per year, unless the employer selects a higher limit.

2. Employees of an employer with fewer than fifteen employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than forty hours of earned paid sick time per year, unless the employer selects a higher limit.

3. In determining the number of employees performing work for an employer for compensation during a given week, all employees performing work for compensation on a full-time, part-time, or temporary basis shall be counted. In situations in which the number of employees who work for an employer for compensation per week fluctuates above and below fifteen employees per week over the course of the year, an employer is required to provide earned paid sick time pursuant to subsection (1) of this section if it maintained fifteen or more employees on the payroll for some portion of a day in each of twenty different calendar weeks, whether or not the weeks were consecutive, in either the current or the preceding year (irrespective of whether the same individuals were in employment in each day).

4. All employees shall accrue earned paid sick time as follows:

(A) Earned paid sick time as provided in this section shall begin to accrue at the commencement of employment or ninety days after this law goes into effect, whichever is later. An employer may provide all paid sick time that an employee is expected to accrue in a year at the beginning of the year.

(B) An employee may use earned paid sick time as it is accrued, except that an employer may require an employee hired more than ninety days after this law goes into effect to wait until the ninetieth calendar day after commencing employment before using accrued earned paid sick time, unless otherwise permitted by the employer.

(C) Employees who are exempt from overtime requirements under 29 U.S.C. § 213(a)(1) of the Federal Fair Labor Standards Act will be assumed to work forty hours in each work week for purposes of earned paid sick time accrual unless their normal work week is less than forty hours, in which case earned paid sick time accrues based upon that normal work week.

(D) Earned paid sick time shall be carried over to the following year, subject to the limitations on usage in subsections (1) and (2) of this section. Alternatively, in lieu of carryover of unused earned paid sick time from one year to the next, an employer may pay an employee for unused earned paid sick time at the end of a year and provide the employee with an amount of paid sick time that meets or exceeds the requirements of sections 285.600 through 285.642 that is available for the employee's immediate use at the beginning of the subsequent year.

(E) If an employee is transferred to a separate division, entity, or location, but remains employed by the same employer, the employee is entitled to all earned paid sick time accrued at the prior division, entity, or location and is entitled to use all earned paid sick time as provided in this section. When there is a separation from employment and the employee is rehired within nine months of separation by the same employer,

previously accrued earned paid sick time that had not been used shall be reinstated. Further, the employee shall be entitled to use accrued earned paid sick time and accrue additional earned paid sick time at the re-commencement of employment.

(F) When a different employer succeeds or takes the place of an existing employer, all employees of the original employer who remain employed by the successor employer are entitled to all earned paid sick time they accrued when employed by the original employer, and are entitled to use earned paid sick time previously accrued.

(G) At its discretion, an employer may loan earned paid sick time to an employee in advance of accrual by such employee.

5. Any employer with a paid leave policy, such as a paid time off policy, who makes available an amount of paid leave sufficient to meet the accrual requirements of this section that may be used for the same purposes and under the same conditions as earned paid sick time under sections 285.600 through 285.642 is not required to provide additional paid sick time.

6. Nothing in this section shall be construed as requiring financial or other reimbursement to an employee from an employer upon the employee's termination, resignation, retirement, or other separation from employment for accrued earned paid sick time that has not been used.

285.606. 1. Earned paid sick time shall be provided to an employee by an employer for:

(A) An employee's mental or physical illness, injury, or health condition; an employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; an employee's need for preventive medical care;

(B) Care of a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; care of a family member who needs preventive medical care; or

(C) Closure of the employee's place of business by order of a public official due to a public health emergency, or an employee's need to care for a child whose school or place of care has been closed by order of a public official due to a public health emergency, or care for oneself or a family member when it has been determined by the health authorities having jurisdiction or by a health care provider that the employee's or family member's presence in the community may jeopardize the health of others because of his or her exposure to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

2. Earned paid sick time shall be provided upon the request of an employee. Such request may be made orally, in writing, by electronic means or by any other means acceptable to the employer. When possible, the request shall include the expected duration of the absence.

3. When the use of earned paid sick time is foreseeable, the employee shall make a good faith effort to provide notice of the need for such time to the employer in advance of the use of the earned paid sick time and shall make a reasonable effort to schedule the use of earned paid sick time in a manner that does not unduly disrupt the operations of the employer. Where such need is not foreseeable, an employer may require an employee to provide notice of the need for the use of earned paid sick time as soon as practicable.

4. An employer that requires notice of the need to use earned paid sick time where the need is not foreseeable shall provide a written policy that contains procedures for the employee to provide notice. An employer that has not provided to the employee a copy of its written policy for providing such notice shall not deny earned paid sick time to the employee based on non-compliance with such a policy.

5. An employer may not require, as a condition of an employee's taking earned paid sick time, that the employee search for or find a replacement worker to cover the hours during which the employee is using earned paid sick time.

6. Earned paid sick time may be used in the smaller of hourly increments or the smallest increment that the employer's payroll system uses to account for absences or use of other time.

7. For earned paid sick time of three or more consecutive work days, an employer may require reasonable documentation that the earned paid sick time has been used for a purpose covered by subsection (1) of this section. Documentation signed by a heath care professional indicating that earned paid sick time is necessary shall be considered reasonable documentation for purposes of this section. An employer may not require that the documentation explain the nature of the illness unless otherwise required by law.

285.609. 1. It shall be unlawful for an employer or any other person to interfere with, restrain, or deny the exercise of, or the attempt to exercise, any right protected under sections 285.600 through 285.642.

2. An employer shall not take retaliatory personnel action or discriminate against an employee or former employee because he or she has exercised rights protected under sections 285.600 through 285.642. Such rights include, but are not limited to, the right to request or use earned paid sick time pursuant to sections 285.600 through 285.642; the right to file a complaint or inform any person about any employer's alleged violation of sections 285.600 through 285.642; the right to participate in an investigation, hearing, or proceeding or cooperate with or assist the Department in any investigations of alleged violations of sections 285.600 through 285.642; and the right to inform any person of his or her potential rights under sections 285.600 through 285.642.

3. It shall be unlawful for an employer's absence control policy to count earned paid sick time taken under sections 285.600 through 285.642 as an absence that may lead to or result in discipline, discharge, demotion, suspension, or any other adverse action.

4. Protections of this section shall apply to any individual who mistakenly but in good faith alleges violations of sections 285.600 through 285.642.

285.612. 1. Employers shall give employees written notice of the following at the commencement of employment or by ninety days after this law goes into effect, whichever is later: employees are entitled to earned paid sick time and the amount of earned paid sick time, the terms of its use guaranteed under sections 285.600 through 285.642, that retaliatory personnel action against employees who request or use earned paid sick time is prohibited, that each employee has the right to bring a civil action if earned paid sick time as required by sections 285.600 through 285.642 is denied by the employer or the employee is subjected to retaliatory personnel action for requesting or taking earned paid sick time, and, if applicable, the contact information for the Department where questions about rights and responsibilities under sections 285.600 through 285.642 may be answered.

2. Employers shall display a poster that contains the information required in subsection (1) of this section in a conspicuous and accessible place in each establishment where such employees are employed, provided that such poster has been provided by the Department.

3. The Department may create and make available to employers, model notices and posters that contain the information required under subsection (1) of this section for employers' use in complying with subsections (1) and (2) of this section. Nothing in this subsection shall be interpreted or applied, either expressly or through practical necessity, to require the Department to create or make available notices or posters if it requires the appropriation of funds to cover the costs of such acts.

285.615. 1. Employers shall retain records documenting hours worked by employees and earned paid sick time taken by employees, for a period of not less than three years, and shall allow the Department access to such records, with appropriate notice and at a mutually agreeable time, to monitor compliance with the requirements of sections 285.600 through 285.642.

2. To the extent permitted by law, the Director may inspect such records, and the records shall be open for inspection by the Director by appointment. Where the records required under this section are kept outside the state, the records shall be made available to the Director upon demand. Every such employer shall furnish to the Director on demand a sworn statement of time records and information upon forms prescribed or approved by the Director. All the records and information obtained by the Department are confidential and shall be disclosed only on order of a court of competent jurisdiction.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department or Director to access or inspect records or to create forms relating to the inspection of records if it requires the appropriation of funds to cover the costs of such acts.

285.618. 1. The Department may, in accordance with chapter 536, promulgate rules to implement the provisions of sections 285.600 through 285.642. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2018, shall be invalid and void.

2. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the promulgation or adoption of rules if it requires the appropriation of funds to cover the costs of such acts.

285.621. 1. To the extent permitted by law, the Department may investigate and ascertain compliance with sections 285.600 through 285.642, establish and implement a system to receive complaints regarding non-compliance with sections 285.600 through 285.642 and to investigate and attempt to resolve complaints through mediation between the complainant and the subject of the complaint, and establish additional means of enforcement to the extent permitted by the law.

2. The Department may develop and implement an outreach program to inform employees, parents, and persons who are under the care of a health care provider about the availability of earned paid sick time under sections 285.600 through 285.642. This program may include the distribution of notices and other written materials to child care and elder care providers, domestic violence shelters, schools, hospitals, community health centers and other health care providers in Missouri.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department to conduct investigations and ascertain compliance with sections 285.600 through 285.642, to establish and implement a system to receive or resolve complaints, to establish additional means of enforcement, or to conduct outreach and education, including the creation of notices and other written materials, concerning sections 285.600 through 285.642, if it requires the appropriation of funds to cover the costs of such acts.

285.624. 1. To the extent permitted by law, any employer who violates or fails to comply with any of the provisions and requirements of sections 285.600 through 285.642 shall be guilty of a class C misdemeanor and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for violation of a class C misdemeanor; provided, however, that an employer who willfully violates the notice and posting requirements of section 285.612 shall be guilty of an infraction and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for an infraction.

2. For purposes of this section, each day of violation or failure to comply and each employee affected shall constitute a separate offense.

285.627. 1. Any individual who claims to have been aggrieved by a failure of an employer to comply with any portion of sections 285.600 through 285.642, including but not limited to the failure to provide earned paid sick time or to allow employees to use such time consistent with sections 285.600 through 285.642, or who claims to have suffered a retaliatory personnel action, shall have a right of action and may commence a civil action in the appropriate court of jurisdiction within three years of the accrual of the cause of action, to obtain appropriate relief with respect to such unlawful violation.

2. In a civil action under this section, if the court finds a violation has occurred, the court may grant as relief, as it deems appropriate and to the extent permitted by law, any permanent or temporary injunction, the full amount of any unpaid earned sick time plus any actual damages suffered as the result of the employer's violation of sections 285.600 through 285.642, an additional amount equal to twice any unpaid earned sick time as liquidated damages, costs, and reasonable attorney's fees as may be allowed by the court, and other legal or equitable relief as may be appropriate to remedy the violation, including, without limitation, reinstatement to employment and back pay. Any agreement between the employee and the employer to waive the protections of sections 285.600 through 285.642, with the exception of section 285.633, shall be no defense to the action.

285.630. 1. Except as otherwise required by law, an employer may not require disclosure of details relating to an employee's or an employee's family member's health information as a condition of providing earned paid sick time under sections 285.600 through 285.642.

2. Unless as otherwise required by law, any health information possessed by an employer regarding an employee or employee's family member must:

(A) be maintained on a separate form and in a separate file from other personnel information;

(B) be treated as confidential medical records; and

(C) not be disclosed except to the affected employee or with the express written permission of the affected employee.

285.633. 1. All or any portion of the earned paid sick time requirements of sections 285.600 through 285.642 shall not apply to employees covered by a valid collective bargaining agreement, to the extent that such requirements are expressly waived in the collective bargaining agreement in clear and unambiguous terms; provided further, that no provisions of sections 285.600 through 285.642 shall apply to any employee engaged in construction work in the construction industry who is covered by a valid collective bargaining agreement.

2. Notwithstanding subsection (1) of this section, with respect to employees covered by a valid collective bargaining agreement in effect on the effective date of sections 285.600 through 285.642, no provisions of sections 285.600 through 285.642 shall apply until the stated expiration date in the collective bargaining agreement.

3. Nothing in sections 285.600 through 285.642 shall be deemed to interfere, impede, or otherwise diminish the right of employees to bargain collectively through representatives of their own choosing.

285.636. 1. Nothing in sections 285.600 through 285.642 shall be construed to discourage or prohibit an employer from the adoption or retention of an earned paid sick time policy more generous than the one required herein.

2. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the obligation of an employer to comply with any contract, collective bargaining agreement, employment benefit plan, or other agreement providing more generous paid sick time to an employee than required herein. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the rights of public employees regarding paid sick time or use of paid sick time as provided in the laws of Missouri pertaining to public employees.

285.639. 1. Sections 285.600 through 285.642 provide minimum requirements pertaining to earned paid sick time and shall not be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, requirement, policy, or standard that provides for greater accrual or use by employees of earned paid sick time or that extends other protections to employees.

2. Any county, city, town, or village in the state shall have the power and authority to establish, mandate, or otherwise require an employer to provide to an employee paid or unpaid days off from work for sick leave which exceeds the requirements of sections 285.600 through 285.642.

3. Nothing in sections 285.600 through 285.642 shall be interpreted or applied to create a power or obligation contrary to any federal law, rule, or regulation.

285.642. Except as detailed in section 285.618, all of the provisions of sections 285.600 through 285.642 are severable, and if any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 285.600 through 285.642 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application, and to this end the provisions of sections 285.600 through 285.642 are declared severable.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-036)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 285 of the Revised Statutes of Missouri. (Received November 17, 2016)

Date

December 7, 2016

Description

This proposal would amend Chapter 285 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Lottery,** the **Public Service Commission,** the **State Tax Commission,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Veterans Commission,** the **Missouri Ethics Commission,** the **Missouri Office of Prosecution Services,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St.**

Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** the **Lieutenant Governor's office,** the **Children's Trust Fund,** the **Missouri Joint Municipal Electric Utility Commission,** the **State Auditor's office, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and Missouri Jobs with Justice Voter Action provided information as proponents of the proposal to the State Auditor's office.

Officials from the **Attorney General's office** indicated various provisions of the proposal authorize their department to promulgate rules, establish mediation procedures "and additional means of enforcement… ." They assume that their office may provide some review of proposals, but assume that any potential costs arising from this proposal can be absorbed with existing resources. They may seek additional appropriations if there is an increased review of rules in later years.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will be deferring to the Office of Administration and the Department of Labor and Industrial Relations regarding any fiscal impact this initiative petition might have.

Officials from the **Department of Higher Education** indicated the state, including departments, are exempt from the definition of "employer," so this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated there is no fiscal impact to their department as a result of this initiative petition. Section 285.600 (5) indicates "for the purposes of sections 285.600 through 285.642 "employer" does not include the United States Government, the state, …., including a department, agency, …."

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated they expect no change in revenues or expenses in fiscal years 2017, 2018, and 2019.

The petition, if passed by voters, would require businesses with 15 or more employees to provide paid sick time. It also would allow their department to educate employers, take complaints, and perform investigations of violations of the new law.

The long-range fiscal implications are the same as those of the estimate period.

Under the new language, they may educate employers and employees, promulgate rules, take complaints, and conduct investigations of alleged violations of the new provisions. They believe the education, registration of complaints, and investigations would be conducted in a manner similar to those conducted under the Minimum Wage program. Using employer information from the United States Census Bureau for employers with more than ten employees, they estimate that it would receive complaints from 1.5% of the estimated 40,886 businesses with 10 or more employees, or 613 complaints annually. (The Census Bureau does not break employers at the 15 or more level.) To investigate these 613 complaints, they would require 3.50 Wage & Hour Investigator I/IIs. In FY 2016, 578 complaints were closed by 3.50 Investigators, averaging 165 per FTE. Using this calculation, they estimate it would need 3.50 FTE and the standard per FTE expenses and equipment to complete these activities.

However, Sections 285.612, 285.615, 285.618, and 285.621 expressly state that they are not required to take on the new duties it is authorized to perform under this proposal if doing so will require an appropriation to cover the costs of performing the duties. Because these duties are optional and are not required of their department, if there is no appropriation made to cover the cost, they estimate no mandated fiscal impact for this proposal.

Officials from the **Department of Revenue** indicated they defer this fiscal note to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they will defer to the Office of Administration response to this petition.

Officials from the **Department of Social Services** indicated they will defer to the Office of Administration response to this petition. They indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no fiscal impact to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated:

This initiative petition revises Section 285.055, RSMo, and adds 15 new sections to Chapter 285 related to sick leave.

Under this proposal, employers would be required to provide paid sick leave to employees. The amount would be dependent upon the number of employees. It does not include employees covered under a valid collective bargaining agreement and it provides employees with an avenue of recourse if the employee claims to be aggrieved.

The State of Missouri is excluded from the provisions of this proposal, therefore there would be no statewide impact related to this proposal other than potentially higher costs for services purchased by the state. However, the Department of Labor and Industrial Relations (DOLIR) will be impacted. Budget and Planning defers to the DOLIR for the specific impact to that agency.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office, as they are an independent department within state government and by definition state employees are exempt from this proposed legislation.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated there is no impact on their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted because cities are not employers. An indirect cost to cities may arise through increased labor costs of those vendors contracting with the city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition could have a fiscal impact on local government.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined that for benefit eligible employees (defined as working .75 or >) that it does not appear that the proposed legislation as written would create a significant fiscal impact to their university.

Officials from the **Missouri Lottery** indicated no fiscal impact to their agency.

Officials from the **Public Service Commission** indicated no fiscal impact on their agency.

Officials from the **State Tax Commission** indicated this initiative petition pertaining to sick leave in Chapter 285 does not directly impact their office. As a state agency this matter is under the direction of Office of Administration, Division of Personnel.

Officials from the **Missouri Veterans Commission** indicated no fiscal impact to their agency.

Officials from the **Missouri Office of Prosecution Services** indicated no measurable fiscal impact to their office.

Officials from the **Kansas City Boards of Election Commissioners** indicated there is no fiscal impact with amendments to Chapter 285, Versions 1 -12, since the State is not responsible for costs associated with the November 2018 election.

Officials from the **Platte County Board of Elections** indicated the proposed initiative would have no fiscal impact on their office.

Officials from the **Jackson County Election Board** indicated no fiscal impact on their office.

Officials from the **Lieutenant Governor's office** indicated it is anticipated that this initiative petition will impose little to no costs or savings on their office.

Officials from the **Children's Trust Fund** indicated they are part of the Office of Administration and thus will be covered by the Office of Administration's official response. They will not be responding separately.

Officials from the **Missouri Joint Municipal Electric Utility Commission** indicated:

The Missouri Association of Municipal Utilities represents approximately 120 cities in Missouri providing utility services to their customer/owners. They do not represent cities in their general business operation. That representation is undertaken by the Missouri Municipal League and its executive director Dan Ross.

Based on a review of each of the 12 versions it appears that there would be no direct cost to any of their cities since the framers of the amendment specifically excluded cities from the definition of employers and city employees from coverage of the proposed changes.

However, it is possible that cities may experience some increases in the cost of goods and services consumed in the regular course of business as a result of higher labor input costs. It is impossible to accurately predict those increases other than to make you aware of the potential.

Officials from the **State Auditor's office** indicated there is no fiscal impact for their office.

Officials from **University of Central Missouri** indicated if they are included in the definition of "employer" that would be impacted by this legislation, they would have an additional cost of roughly $340,000. In fiscal year 2016, part-time employees worked nearly 679,000 hours. If each 30 hours resulted in one sick time hour, that would be 22,634 hours. At an average rate of $15/hour, that would have a fiscal impact of $340,000.

If the definition of employer is interpreted to exclude UCM because of its status as a state agency, then there would be no fiscal impact.

Officials from **Missouri State University** indicated no fiscal impact on their university.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Officials from **Missouri Western State University** indicated no fiscal impact on their university.

Lara Granich and Missouri Jobs with Justice Voter Action provided the following information as proponents of this initiative petition.

November 28, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Earned Sick Time Petitions
Petitions numbered by MO SOS at 2018-28 to 2018-39

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Earned Sick Time Petitions.

This analysis uses data collected by the U.S. Bureau of Labor Statistics, the Centers for Disease Control and Prevention, and the U.S. Census Bureau to evaluate the impact of earned sick time laws in Missouri. This analysis uses findings from previous peer-reviewed research to estimate cost-savings associated with the proposed policies through reduced turnover, reduced spread of contagious disease in the workplace, prevention of productivity losses from employees working while sick, minimized nursing-home stays, and reduced norovirus outbreaks in nursing homes. We also address certain claims that have been made by opponents in the past.

I. Estimate of Number of Workers Affected Statewide

According to the Institute for Women's Policy Research, an estimated 1,002,116 private sector workers in Missouri, or 45.9 percent of the workforce, cannot earn a single paid sick day to use to recover from common illnesses or seek medical care.[1]

II. Direct Costs to State

As these proposed initiatives exclude public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Enforcement would be handled by existing staff at the Department of Labor.

III. Economic Literature on the Impact of Earned Sick Time on Businesses

This analysis quantifies only a subset of potential benefits, predicting a net economic benefit from both of the proposed laws. Likely additional benefits from paid sick days not quantified in this analysis include: reduced health care spending due to reduced public contagion and more timely and regular preventive care and treatment; improved economic security among families who receive pay on sick days and are less likely to be fired or disciplined for taking sick time; and improved school outcomes and reduced contagion in schools, when parents can avoid sending sick children to school or child care.

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country. There is no evidence of business closures/layoffs as a result of earned sick time laws. Both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed. In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates. 2

The Washington D.C. Auditor reported "that the Accrued Sick and Safe Leave Act did not have the economic impact of encouraging business owners to move a business from the District nor did the Act have the economic impact of discouraging business owners to locate a business in the District of Columbia."3 New York City reported that "New York City's economy has thrived since the enactment of PSL [paid sick leave]. Between January 2014 and January 2015, a period that covers the law's implementation, economic indicators were a cause for celebration, not concern as many had predicted." 4

[1] 1 Institute for Women's Policy Research & National Partnership for Women & Families. (2015, May). Workers' Access to Paid Sick Days in the States. Table 2. Retrieved 8 July 2015, from http://www.nationalpartnership.org/research-library/work-family/psd/workers-access-to-paid-sick-days-in-the-states.pdf

[2] http://iwpr.org/publications/pubs/paid-sick-days-benefit-employers-workers-and-the-economy

[3] http://www.dcauditor.org/reports/audit-accrued-sick-and-safe-leave-act-2008

[4] http://www1.nyc.gov/assets/dca/downloads/pdf/about/PaidSickLeaveLaw-FirstYearMilestones.pdf

Summary of Benefits Associated With Missouri's Proposed Earned Sick Time Law

Benefits	Firms with <50 Employees			Firms with 50+ Employees		
	Dollars	Average per-worker savings		Dollars	Average per-worker costs/savings	
BENEFITS						
Lower Turnover	$32,718,875			$146,675,016		
Reduced Flu Contagion in the Workplace	$1,334,044			$5,980,370		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Employers' Savings	**$34,052,920**	**$6.97**	**$0.21**	**$152,655,386**	**$9.44**	**$0.26**
Reduced Short-Term Nursing Home Stays	$2,415,006			$8,165,162		
Reduced Norovirus in Nursing Homes	$21,692			$93,129		
Reduced Flu Contagion	$233,249			$771,691		
Reduced Emergency Department Visits	$3,512,104			$11,619,581		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Community Savings	**$6,182,052**	**$1.26**	**$0.04**	**$20,649,564**	**$1.28**	**$0.03**

Note: "Small" firms are defined in the proposed laws at firms employing fewer than 15 employees and "Large" firms are defined as firms employing 15 or more employees.

Source: Institute for Women's Policy Research Analysis of the 2014 American Community Survey (ACS), the 2016 National Compensation Survey (NCS), the 2013-2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2010 Current Population Survey Displaced Worker, Employee Tenure, and Occupational Mobility Supplement File, and the 2014-2015 National Health Interview Survey (NHIS).

Note on Methodology

The estimates are based on analyses of the following data sets: the 2013–2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2014-2015 National Health Interview Survey (NHIS), the 2014 American Community Survey (ACS), the 2016 National Compensation Survey and the 2014 Medical Expenditure Panel Survey along with findings from previous peer-reviewed research.

This analysis was limited to only private sector workers as the proposed legislation only covers such workers. The proposed legislation does include some small exemptions for certain employees which this analysis does not account for. Excluding such workers would result in minor reductions in both the costs and benefits estimated, but general trends would remain the same. To learn more about the methodology and sources please see "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days"[5]

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,
Lara Granich
Missouri Jobs with Justice Voter Action

[5] Williams, Claudia. 2013. "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days." IWPR Publication No. B311. Washington, DC: Institute for Women's Policy Research.

INSTITUTE FOR WOMEN'S POLICY RESEARCH

Briefing Paper

www.iwpr.org

IWPR #B361 July 2016

Paid Sick Days Benefit Employers, Workers, and the Economy

Jessica Milli, PhD., Jenny Xia, and Jisun Min

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country.[1] Yet millions more still would not be paid if they need to stay at home when they are sick or need to care for a family member who is ill. As of 2014, 51 million workers lacked access to paid sick days.[2]

Research has documented many benefits of paid sick days policies for workers, businesses, and communities as a whole. These benefits would multiply substantially if more workers gained access to paid sick days. This briefing paper summarizes research on the benefits of paid sick days and the effects of paid sick days policies in places that have them.

Employers Benefit from Paid Sick Days

- **Reduced contagion in the workplace:** A 2010 survey conducted by the National Opinion Research Center found that employees without access to paid sick days are 1.5 times more likely than those with access to go to work with a contagious illness (55 percent compared with 37 percent).[3] Such "presenteeism" has serious public health consequences including flu contagion. A 2010 analysis of labor force and Centers for Disease Control data estimated that more than one in four private sector employees worked while ill with H1N1 during the 2009 H1N1 pandemic, resulting in the estimated infection of 7 million co-workers with H1N1. Work absences from illness dropped more precipitously among public sector workers than among private sector workers during the decline of the pandemic. Because employees in the public sector have greater access to paid sick days, the finding suggests that paid sick days played a role in slowing contagion and potentially in speeding recovery.[4] A 2013 study employed a model simulating influenza contagion to estimate reductions in contagion rates under a universal paid sick days policy. Using data from the American Community Survey, LandScan USA, and the U.S. Census, the study estimated that providing paid sick days would reduce workplace influenza infection in the United States by about 6 percent.[5]

- **Improved productivity:** When workers come to work sick, their productivity and performance suffer. Estimates of productivity losses vary across studies. A 1997 study polling 332 workers who had influenza-like illnesses found that workers on average reported being 46 percent less effective while ill at work.[6] A 2003 study based on interviews with more than 28,000 workers reported that on average, workers lose 1.32 hours per week of productive time due to personal health related reasons.[7] Since workers

with access to paid sick days are less likely to come to work sick and infect their co-workers,[8] paid sick days can prevent further productivity losses resulting from illness and contagion in the workplace.

- **Decreased workplace injuries:** Working while sick also puts employees at greater risk of injury on the job. A 2012 study using the 2005 through 2008 National Health Interview Survey (NHIS) found that after controlling for factors like survey year, occupational sector, firm size, region, and the availability of paid sick leave, workers with access to paid sick days are 28 percent less likely to be injured on the job than workers without this benefit.[9]

- **Decreased employee turnover:** A 2012 analysis of data collected between 2004 and 2006 through the Medical Expenditure Panel Survey (MEPS) finds that the likelihood of job separation decreases by about 25 percent when a worker has access to paid sick days, even after controlling for potential confounding factors such as workers' educational attainment, earnings, and race/ethnicity.[10] As employee turnover typically costs an employer between 10 and 30 percent of an employee's annual salary,[11] a reduction in turnover can result in significant reductions in employer costs.

Paid Sick Days Improve Public Health

- **Increased use of preventive care:** Since paid sick days can be used for doctor visits, workers with paid sick days are more likely to seek preventive care and to be screened for diseases such as cancer, which can lead to early detection and treatment. A 2012 study using 2008 National Health Interview Survey (NHIS) data finds that after controlling for sociodemographic and health-care-related factors, workers with paid sick days are significantly more likely to have had mammograms, Pap tests, and endoscopy, and to have seen a doctor during the previous year than those without the benefit.[12]

- **More timely treatment for illnesses:** Workers without paid sick days are more likely to delay medical care when they or a family member is ill which can lead to a more serious or prolonged illness.[13]A 2016 analysis of the 2013 NHIS—which controlled for demographic and health-related factors like race and ethnicity, occupation, annual family income, and health insurance coverage—indicates that workers without paid sick leave are three times more likely to forgo medical care for themselves, and 1.6 times more likely to forgo medical care for their families, compared with workers who have the benefit.[14] A 2011 analysis of the NHIS found that when they do seek care, workers without paid sick days—regardless of their educational attainment, income, race/ethnicity and other demographic characteristics—are more likely to use an emergency department for care.[15]

- **Improved family health:** Paid sick days may encourage workers to respond to their children's and family members' health needs in a timely manner, thereby improving overall health outcomes for their families. Paid sick days are a primary factor affecting whether a working parent will stay at home with a sick child rather than sending them to school or child care sick. The 2010 National Opinion Research Center Survey found that

28 percent of workers without paid sick days reported sending a sick child to school or child care, compared with 14 percent of workers with paid sick days.[16] A 2012 study analyzing the 2008 National Study of the Changing Workforce (NSCW) and controlling for worker and job characteristics finds that having paid sick days is associated with reduced work-family conflict, which lessens difficulties parents face in taking time off from work to care for a sick child.[17]

Paid Sick Days Bring Economic Benefits for Workers, Families, and Communities

- **Improved employment and earnings stability:** When incomes are not interrupted by unpaid leave, families experience greater financial stability and economic well-being. According to a 2010 poll, 16 percent of workers surveyed reported losing a job for missing work when they were sick or to care for an ill family member.[18] Research has shown that having paid sick days reduces the likelihood of a job separation by at least 25 percent.[19]

- **Improved labor force attachment among caregivers:** Informal caregivers whose work schedules are incompatible with the care needs of their family members may decrease their work hours or even leave the labor force completely.[20] One 2011 Gallup poll found that most caregivers, including parents, reported missing at least one full day of work to fulfill their caregiving duties with an average of 6.6 workdays missed per year.[21] Paid sick days, however, may provide sufficient leave to caregivers to allow them to maintain their desired level of employment while continuing to perform their caregiving work.

- **Savings from reduced utilization of hospital emergency departments and a lower monetary burden on taxpayers:** A 2011 study using the 2008 and 2009 NHIS finds that the annual number of emergency department visits per worker without paid sick days is greater than it is for those with the benefit. Using MEPS data on the cost of emergency department visits, the study estimates that a lack of paid sick days resulted in an estimated 1.3 million preventable emergency department visits every year in the United States in 2008, costing $1.1 billion more than office visits would have. Part of these costs—$500 million—were paid by public insurance programs such as Medicaid.[22]

Research Finds Benefits of Existing Paid Sick Days Laws and Minimal Costs to Employers

Since the implementation of the first paid sick days law in 2007, several studies have evaluated the impacts of the legislation, with a particular emphasis on the effects on employers. These evaluations have largely found that the overall impact on businesses was minimal. Many firms saw benefits from the policy and counted themselves as supporters after implementing it.

- **Minimal costs:** Costs to employers of providing paid sick days have been modest. In Seattle, evaluations found that the cost of providing paid sick leave in 2013 was only

about 0.4 percent of total firm revenue for the year.[23] In Connecticut, nearly half of 228 employers surveyed in 2013, a year and a half after the state's paid sick days law's implementation, reported having no increased overall cost, and 19.1 percent of employers reported an increased cost of less than 2 percent.[24] In San Francisco, the paid sick leave ordinance created additional costs for a relatively small share of employers. Six out of seven employers reported no adverse effects on profitability.[25]

- **Ease of implementation:** Research shows that paid sick days have minimal effect on business operations. Most San Francisco employers reported that implementing the Paid Sick Leave Ordinance was not difficult.[26] Likewise, about two thirds of Seattle employers reported that implementing the Paid Sick and Safe Time Ordinance was not very difficult, and 70 percent expressed support for the policy a year after implementation of the Ordinance.[27] Similarly, a large majority of Connecticut employers surveyed in 2013 indicated that the Paid Sick Leave Law did not burden business operations.[28]

- **Employees use paid sick days judiciously:** Several years after the implementation of San Francisco's paid sick days law, an IWPR survey of 1,194 workers found that employees in San Francisco used fewer than half of the sick days available under the paid sick leave ordinance.[29] Using data from the 2014 NHIS, IWPR found that most workers who do have access to paid sick days do not use any in a given year.[30] In regions that have passed paid sick day laws, surveys suggest that abuse of paid sick days is rare. Among 228 Connecticut employers surveyed by the Center for Economic and Policy Research, 86 percent reported no known cases of abuse more than a year after paid sick days was implemented.[31] A report published by the City of Seattle auditor finds that more than nine in ten Seattle employers surveyed in 2012 had never reprimanded an employee for abusing paid sick days.[32]

- **Sustained job growth and employment:** In contrast to messaging communicated by big business lobbyists prior to the laws' passage, both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed.[33] In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates.[34]

- **Improved employee morale, motivation, loyalty, and productivity**: Over a quarter of Connecticut employers reported improved morale, 12.5 percent reported increased employee motivation, 10.6 percent reported increased loyalty, and 14.9 percent reported increased productivity after implementation of the state's paid sick days law.[35]

- **Improved work life balance for employees:** A 2010 IWPR survey found that one out of four San Francisco employees reported that paid sick days enabled them to better care for their own and their families' health needs. In addition, nearly 30 percent reported that their employers were more supportive when they needed to use their leave than they were

prior to the law's passage. More than half of all San Francisco workers reported at least one benefit as a result of the ordinance.[36]

- **Reduced flu contagion in locations with paid sick day laws:** One recent study used Google Flu data from 2003 to 2015 to show that influenza-like infection rates decrease significantly when workers gain access to paid sick days. By comparing the rates of influenza-like illnesses in regions with paid sick days policies—including the District of Columbia, Connecticut, California, Massachusetts, and Oregon—with those lacking such laws, the study finds that infection rates decrease by about 10 percent when employees without coverage obtain paid sick days.[37]

Conclusion

Literature spanning the fields of public health, economics, sociology, medicine, social work, and public policy converge to reflect the health, employment, and economic benefits of paid sick days. Research suggests that more widespread implementation of paid sick days policies would have a substantial positive impact on the well-being of children, families, and communities across the United States.

Notes

[1] For a complete list of paid sick days laws and their provisions, see: A Better Balance, "Overview of Paid Sick Time Laws in the United States," <http://www.abetterbalance.org/web/images/stories/Documents/sickdays/factsheet/PSDchart.pdf> (accessed May 4, 2016).
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[3] Tom W. Smith and Jibum Kim, "Paid Sick Days: Attitudes and Experiences," Public Welfare Foundation (June 2010) <http://www.nationalpartnership.org/research-library/work-family/psd/paid-sick-days-attitudes-and-experiences.pdf> (accessed January 12, 2016).
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[10] Heather Hill, "Paid Sick Leave and Job Stability," *Work and Occupations* 40(2): 143-173 (2013).
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[14] LeaAnne De Ringe, Patricia Stoddard-Dare, and Linda Quinn, "Workers Without Paid Sick Leave Less Likely to Take Time Off For Illness Or Injury Compared To Those With Paid Sick Leave," *Health Affairs* 35(3): 520-527 (2016).
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<http://www.seattle.gov/Documents/Departments/CityAuditor/auditreports/PSSTOUWReportwAppendices.pdf> (accessed January 12, 2016).
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Funding for this briefing paper was provided by the Ford Foundation and the Annie E. Casey Foundation.

For more information on IWPR reports or membership, please call (202) 785-5100, e-mail iwpr@iwpr.org, or visit www.iwpr.org.

The Institute for Women's Policy Research (IWPR) conducts rigorous research and disseminates its findings to address the needs of women, promote public dialogue, and strengthen families, communities, and societies. The Institute works with policymakers, scholars, and public interest groups to design, execute, and disseminate research that illuminates economic and social policy issues affecting women and their families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR's work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations and corporations. IWPR is a 501(c)(3) tax-exempt organization that also works in affiliation with the women's studies, and public policy and public administration programs at The George Washington University.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Ethics Commission,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Clay County Board of Election Commissioners, Harris-Stowe State University, Lincoln University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local governments expect no direct costs from this proposal, but indicated unknown higher costs for goods and services may result. Any change in tax revenue for state and local governments is unknown.

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 17, 2016

RECEIVED
NOV 17 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 285, version 8 (2018-035)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 16, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 16 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

Fifteen new sections to be known as sections 285.600, 285.603, 285.606, 285.609, 285.612, 285.615, 285.618, 285.621, 285.624, 285.627, 285.630, 285.633, 285.636, 285.639, and 285.642 are enacted to read as follows:

285.600. As used in sections 285.600 through 285.642:

(1) "Department", Department of Labor and Industrial Relations.

(2) "Director", Director of the Department of Labor and Industrial Relations.

(3) "Earned paid sick time", time that is compensated at the same hourly rate and with the same benefits, including health care benefits, as the employee normally earns during hours worked and is provided by an employer to an employee for the purposes described in section 285.606, but in no case shall this hourly amount be less than that provided under section 290.502.

(4) "Employee", any individual employed in this state by an employer, but does not include:

(A) Any individual engaged in the activities of an educational, charitable, religious, or nonprofit organization where the employer-employee relationship does not, in fact, exist or where the services rendered to the organization are on a voluntary basis;

(B) Any individual standing in loco parentis to foster children in their care;

(C) Any individual employed for less than four months in any year in a resident or day camp for children or youth, or any individual employed by an educational conference center operated by an educational, charitable or not-for-profit organization;

(D) Any individual engaged in the activities of an educational organization where employment by the organization is in lieu of the requirement that the individual pay the cost of tuition, housing or other educational fees of the organization or where earnings of the individual employed by the organization are credited toward the payment of the cost of tuition, housing or other educational fees of the organization;

(E) Any individual employed on or about a private residence on an occasional basis for six hours or less on each occasion;

(F) Any individual employed on a casual basis to provide baby-sitting services;

(G) Any individual employed by an employer subject to the provisions of part A of subtitle IV of title 49, United States Code, 49 U.S.C. §§ 10101 et seq.;

(H) Any individual employed on a casual or intermittent basis as a golf caddy, newsboy, or in a similar occupation;

(I) Any individual who is employed in any government position defined in 29 U.S.C. §§ 203(e)(2)(C)(i)-(ii); or

(J) Any individual who is an offender, as defined in section 217.010, who is incarcerated in any correctional facility operated by the department of corrections, including offenders who provide labor or services on the grounds of such correctional facility pursuant to section 217.550.

(5) "Employer", any person acting directly or indirectly in the interest of an employer in relation to an employee; provided, however, that for the purposes of sections 285.600 through 285.642, "employer" does not include the United States Government, the state, or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state.

(6) "Family member", any of the following individuals:

(A) Regardless of age, a biological, adopted or foster child, stepchild or legal ward, a child of a domestic partner, a child to whom the employee stands in loco parentis, or an individual to whom the employee stood in loco parentis when the individual was a minor;

(B) A biological, foster, stepparent or adoptive parent or legal guardian of an employee or an employee's spouse or domestic partner or an individual who stood in loco parentis when the employee or employee's spouse or domestic partner was a minor child;

(C) An individual to whom the employee is legally married under the laws of any state, or a domestic partner who is registered as such under the laws of a political subdivision;

(D) A grandparent, grandchild, or sibling (whether of a biological, foster, adoptive or step relationship) of the employee or the employee's spouse or domestic partner; or

(E) A member of the employee's household.

(7) "Health care professional," any individual licensed under Federal or State law to provide medical or emergency services, including but not limited to doctors, nurses, certified nurse midwives, and emergency room personnel.

(8) "Person", any individual, partnership, association, corporation, business, business trust, legal representative, or any organized group of persons.

(9) "Retaliatory personnel action", denial of any right guaranteed under sections 285.600 through 285.642, or any threat, discharge, suspension, demotion, reduction of hours, or any other adverse action against an employee for the exercise of any right guaranteed herein. "Retaliatory personnel action" shall also include interference with or punishment for in any manner participating in or assisting an investigation, proceeding, or hearing under sections 285.600 through 285.642.

(10) "Year", a regular and consecutive twelve-month period as determined by the employer; except that for the purposes of section 285.615 and section 285.627, "year" shall mean a calendar year.

285.603. 1. Employees of an employer with fifteen or more employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than fifty-six hours of earned paid sick time per year, unless the employer selects a higher limit.

2. Employees of an employer with fewer than fifteen employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than forty hours of earned paid sick time per year, unless the employer selects a higher limit.

3. In determining the number of employees performing work for an employer for compensation during a given week, all employees performing work for compensation on a full-time, part-time, or temporary basis shall be counted. In situations in which the number of employees who work for an employer for compensation per week fluctuates above and below fifteen employees per week over the course of the year, an employer is required to provide earned paid sick time pursuant to subsection (1) of this section if it maintained fifteen or more employees on the payroll for some portion of a day in each of twenty different calendar weeks, whether or not the weeks were consecutive, in either the current or the preceding year (irrespective of whether the same individuals were in employment in each day).

4. All employees shall accrue earned paid sick time as follows:

(A) Earned paid sick time as provided in this section shall begin to accrue at the commencement of employment or ninety days after this law goes into effect, whichever is later. An employer may provide all paid sick time that an employee is expected to accrue in a year at the beginning of the year.

(B) An employee may use earned paid sick time as it is accrued, except that an employer may require an employee hired more than ninety days after this law goes into effect to wait until the ninetieth calendar day after commencing employment before using accrued earned paid sick time, unless otherwise permitted by the employer.

(C) Employees who are exempt from overtime requirements under 29 U.S.C. § 213(a)(1) of the Federal Fair Labor Standards Act will be assumed to work forty hours in each work week for purposes of earned paid sick time accrual unless their normal work week is less than forty hours, in which case earned paid sick time accrues based upon that normal work week.

(D) Earned paid sick time shall be carried over to the following year, subject to the limitations on usage in subsections (1) and (2) of this section. Alternatively, in lieu of carryover of unused earned paid sick time from one year to the next, an employer may pay an employee for unused earned paid sick time at the end of a year and provide the employee with an amount of paid sick time that meets or exceeds the requirements of sections 285.600 through 285.642 that is available for the employee's immediate use at the beginning of the subsequent year.

(E) If an employee is transferred to a separate division, entity, or location, but remains employed by the same employer, the employee is entitled to all earned paid sick time accrued at the prior division, entity, or location and is entitled to use all earned paid sick time as provided in this section. When there is a separation from employment and the employee is rehired within nine months of separation by the same employer, previously accrued earned paid sick time that had not been used shall be reinstated. Further, the employee shall be entitled to use accrued earned paid sick time and accrue additional earned paid sick time at the re-commencement of employment.

(F) When a different employer succeeds or takes the place of an existing employer, all employees of the original employer who remain employed by the successor employer are entitled to all earned paid sick time they accrued when employed by the original employer, and are entitled to use earned paid sick time previously accrued.

(G) At its discretion, an employer may loan earned paid sick time to an employee in advance of accrual by such employee.

5. Any employer with a paid leave policy, such as a paid time off policy, who makes available an amount of paid leave sufficient to meet the accrual requirements of this section that may be used for the same purposes and under the same conditions as earned paid sick time under sections 285.600 through 285.642 is not required to provide additional paid sick time.

6. Nothing in this section shall be construed as requiring financial or other reimbursement to an employee from an employer upon the employee's termination, resignation, retirement, or other separation from employment for accrued earned paid sick time that has not been used.

285.606. 1. Earned paid sick time shall be provided to an employee by an employer for:

(A) An employee's mental or physical illness, injury, or health condition; an employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; an employee's need for preventive medical care;

(B) Care of a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; care of a family member who needs preventive medical care; or

(C) Closure of the employee's place of business by order of a public official due to a public health emergency, or an employee's need to care for a child whose school or place of care has been closed by order of a public official due to a public health emergency, or care for oneself or a family member when it has been

determined by the health authorities having jurisdiction or by a health care provider that the employee's or family member's presence in the community may jeopardize the health of others because of his or her exposure to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

2. Earned paid sick time shall be provided upon the request of an employee. Such request may be made orally, in writing, by electronic means or by any other means acceptable to the employer. When possible, the request shall include the expected duration of the absence.

3. When the use of earned paid sick time is foreseeable, the employee shall make a good faith effort to provide notice of the need for such time to the employer in advance of the use of the earned paid sick time and shall make a reasonable effort to schedule the use of earned paid sick time in a manner that does not unduly disrupt the operations of the employer. Where such need is not foreseeable, an employer may require an employee to provide notice of the need for the use of earned paid sick time as soon as practicable.

4. An employer that requires notice of the need to use earned paid sick time where the need is not foreseeable shall provide a written policy that contains procedures for the employee to provide notice. An employer that has not provided to the employee a copy of its written policy for providing such notice shall not deny earned paid sick time to the employee based on non-compliance with such a policy.

5. An employer may not require, as a condition of an employee's taking earned paid sick time, that the employee search for or find a replacement worker to cover the hours during which the employee is using earned paid sick time.

6. Earned paid sick time may be used in the smaller of hourly increments or the smallest increment that the employer's payroll system uses to account for absences or use of other time.

7. For earned paid sick time of three or more consecutive work days, an employer may require reasonable documentation that the earned paid sick time has been used for a purpose covered by subsection (1) of this section. Documentation signed by a heath care professional indicating that earned paid sick time is necessary shall be considered reasonable documentation for purposes of this section. An employer may not require that the documentation explain the nature of the illness unless otherwise required by law.

285.609. 1. It shall be unlawful for an employer or any other person to interfere with, restrain, or deny the exercise of, or the attempt to exercise, any right protected under sections 285.600 through 285.642.

2. An employer shall not take retaliatory personnel action or discriminate against an employee or former employee because he or she has exercised rights protected under sections 285.600 through 285.642. Such rights include, but are not limited to, the right to request or use earned paid sick time pursuant to sections 285.600 through 285.642; the right to file a complaint or inform any person about any employer's alleged violation of sections 285.600 through 285.642; the right to participate in an investigation, hearing, or proceeding or cooperate with or assist the Department in any investigations of alleged violations of sections 285.600 through 285.642; and the right to inform any person of his or her potential rights under sections 285.600 through 285.642.

3. It shall be unlawful for an employer's absence control policy to count earned paid sick time taken under sections 285.600 through 285.642 as an absence that may lead to or result in discipline, discharge, demotion, suspension, or any other adverse action.

4. Protections of this section shall apply to any individual who mistakenly but in good faith alleges violations of sections 285.600 through 285.642.

285.612. 1. Employers shall give employees written notice of the following at the commencement of employment or by ninety days after this law goes into effect, whichever is later: employees are entitled to earned paid sick time and the amount of earned paid sick time, the terms of its use guaranteed under sections 285.600 through 285.642, that retaliatory personnel action against employees who request or use earned paid sick time is prohibited, that each employee has the right to bring a civil action if earned paid sick time as required by sections 285.600 through 285.642 is denied by the employer or the employee is subjected to retaliatory personnel action for requesting or taking earned paid sick time, and, if applicable, the contact information for the Department where questions about rights and responsibilities under sections 285.600 through 285.642 may be answered.

2. Employers shall display a poster that contains the information required in subsection (1) of this section in a conspicuous and accessible place in each establishment where such employees are employed, provided that such poster has been provided by the Department.

3. The Department may create and make available to employers, model notices and posters that contain the information required under subsection (1) of this section for employers' use in complying with subsections (1) and (2) of this section. Nothing in this subsection shall be interpreted or applied, either expressly or through practical necessity, to require the Department to create or make available notices or posters if it requires the appropriation of funds to cover the costs of such acts.

285.615. 1. Employers shall retain records documenting hours worked by employees and earned paid sick time taken by employees, for a period of not less than three years, and shall allow the Department access to such records, with appropriate notice and at a mutually agreeable time, to monitor compliance with the requirements of sections 285.600 through 285.642.

2. To the extent permitted by law, the Director may inspect such records, and the records shall be open for inspection by the Director by appointment. Where the records required under this section are kept outside the state, the records shall be made available to the Director upon demand. Every such employer shall furnish to the Director on demand a sworn statement of time records and information upon forms prescribed or approved by the Director. All the records and information obtained by the Department are confidential and shall be disclosed only on order of a court of competent jurisdiction.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department or Director to access or inspect records or to create forms relating to the inspection of records if it requires the appropriation of funds to cover the costs of such acts.

285.618. 1. The Department may, in accordance with chapter 536, promulgate rules to implement the provisions of sections 285.600 through 285.642. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2018, shall be invalid and void.

2. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the promulgation or adoption of rules if it requires the appropriation of funds to cover the costs of such acts.

285.621. 1. To the extent permitted by law, the Department may investigate and ascertain compliance with sections 285.600 through 285.642, establish and implement a system to receive complaints regarding non-compliance with sections 285.600 through 285.642 and to investigate and attempt to resolve complaints through mediation between the complainant and the subject of the complaint, and establish additional means of enforcement to the extent permitted by the law.

2. The Department may develop and implement an outreach program to inform employees, parents, and persons who are under the care of a health care provider about the availability of earned paid sick time under sections 285.600 through 285.642. This program may include the distribution of notices and other written materials to child care and elder care providers, domestic violence shelters, schools, hospitals, community health centers and other health care providers in Missouri.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department to conduct investigations and ascertain compliance with sections 285.600 through 285.642, to establish and implement a system to receive or resolve complaints, to establish additional means of enforcement, or to conduct outreach and education, including the creation of notices and other written materials, concerning sections 285.600 through 285.642, if it requires the appropriation of funds to cover the costs of such acts.

285.624. 1. To the extent permitted by law, any employer who violates or fails to comply with any of the provisions and requirements of sections 285.600 through 285.642 shall be guilty of a class C misdemeanor and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for violation of a class C misdemeanor; provided, however, that an employer who willfully violates the notice and posting requirements of section 285.612 shall be guilty of an infraction and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for an infraction.

2. For purposes of this section, each day of violation or failure to comply and each employee affected shall constitute a separate offense.

285.627. 1. Any individual who claims to have been aggrieved by a failure of an employer to comply with any portion of sections 285.600 through 285.642, including but not limited to the failure to provide earned paid sick time or to allow employees to use such time consistent with sections 285.600 through 285.642, or who claims to have suffered a retaliatory personnel action, shall have a right of action and may commence a civil action in the appropriate court of jurisdiction within three years of the accrual of the cause of action, to obtain appropriate relief with respect to such unlawful violation.

2. In a civil action under this section, if the court finds a violation has occurred, the court may grant as relief, as it deems appropriate and to the extent permitted by law, any permanent or temporary injunction, the full amount of any unpaid earned sick time plus any actual damages suffered as the result of the employer's violation of sections 285.600 through 285.642, an additional amount equal to twice any unpaid earned sick time as liquidated damages, costs, and reasonable attorney's fees as may be allowed by the court, and other legal or equitable relief as may be appropriate to remedy the violation, including, without limitation, reinstatement to employment and back pay. Any agreement between the employee and the employer to waive the protections of sections 285.600 through 285.642, with the exception of section 285.633, shall be no defense to the action.

285.630. 1. Except as otherwise required by law, an employer may not require disclosure of details relating to an employee's or an employee's family member's health information as a condition of providing earned paid sick time under sections 285.600 through 285.642.

2. Unless as otherwise required by law, any health information possessed by an employer regarding an employee or employee's family member must:

(A) be maintained on a separate form and in a separate file from other personnel information;

(B) be treated as confidential medical records; and

(C) not be disclosed except to the affected employee or with the express written permission of the affected employee.

285.633. 1. All or any portion of the earned paid sick time requirements of sections 285.600 through 285.642 shall not apply to employees covered by a valid collective bargaining agreement, to the extent that such requirements are expressly waived in the collective bargaining agreement in clear and unambiguous terms.

2. Notwithstanding subsection (1) of this section, with respect to employees covered by a valid collective bargaining agreement in effect on the effective date of sections 285.600 through 285.642, no provisions of sections 285.600 through 285.642 shall apply until the stated expiration date in the collective bargaining agreement.

3. Nothing in sections 285.600 through 285.642 shall be deemed to interfere, impede, or otherwise diminish the right of employees to bargain collectively through representatives of their own choosing.

285.636. 1. Nothing in sections 285.600 through 285.642 shall be construed to discourage or prohibit an employer from the adoption or retention of an earned paid sick time policy more generous than the one required herein.

2. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the obligation of an employer to comply with any contract, collective bargaining agreement, employment benefit plan, or other agreement providing more generous paid sick time to an employee than required herein. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the rights of public employees regarding paid sick time or use of paid sick time as provided in the laws of Missouri pertaining to public employees.

285.639. 1. Sections 285.600 through 285.642 provide minimum requirements pertaining to earned paid sick time and shall not be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, requirement, policy, or standard that provides for greater accrual or use by employees of earned paid sick time or that extends other protections to employees.

2. Nothing in sections 285.600 through 285.642 shall be interpreted or applied to create a power or obligation contrary to any federal law, rule, or regulation.

285.642. Except as detailed in section 285.618, all of the provisions of sections 285.600 through 285.642 are severable, and if any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 285.600 through 285.642 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application, and to this end the provisions of sections 285.600 through 285.642 are declared severable.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-035)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 285 of the Revised Statutes of Missouri. (Received November 17, 2016)

Date

December 7, 2016

Description

This proposal would amend Chapter 285 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Lottery,** the **Public Service Commission,** the **State Tax Commission,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Veterans Commission,** the **Missouri Ethics Commission,** the **Missouri Office of Prosecution Services,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St.**

Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** the **Lieutenant Governor's office,** the **Children's Trust Fund,** the **Missouri Joint Municipal Electric Utility Commission,** the **State Auditor's office, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and Missouri Jobs with Justice Voter Action provided information as proponents of the proposal to the State Auditor's office.

Officials from the **Attorney General's office** indicated various provisions of the proposal authorize their department to promulgate rules, establish mediation procedures "and additional means of enforcement… ." They assume that their office may provide some review of proposals, but assume that any potential costs arising from this proposal can be absorbed with existing resources. They may seek additional appropriations if there is an increased review of rules in later years.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will be deferring to the Office of Administration and the Department of Labor and Industrial Relations regarding any fiscal impact this initiative petition might have.

Officials from the **Department of Higher Education** indicated the state, including departments, are exempt from the definition of "employer," so this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated there is no fiscal impact to their department as a result of this initiative petition. Section 285.600 (5) indicates "for the purposes of sections 285.600 through 285.642 "employer" does not include the United States Government, the state, …., including a department, agency, …."

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated they expect no change in revenues or expenses in fiscal years 2017, 2018, and 2019.

The petition, if passed by voters, would require businesses with 15 or more employees to provide paid sick time. It also would allow their department to educate employers, take complaints, and perform investigations of violations of the new law.

The long-range fiscal implications are the same as those of the estimate period.

Under the new language, they may educate employers and employees, promulgate rules, take complaints, and conduct investigations of alleged violations of the new provisions. They believe the education, registration of complaints, and investigations would be conducted in a manner similar to those conducted under the Minimum Wage program. Using employer information from the United States Census Bureau for employers with more than ten employees, they estimate that it would receive complaints from 1.5% of the estimated 40,886 businesses with 10 or more employees, or 613 complaints annually. (The Census Bureau does not break employers at the 15 or more level.) To investigate these 613 complaints, they would require 3.50 Wage & Hour Investigator I/IIs. In FY 2016, 578 complaints were closed by 3.50 Investigators, averaging 165 per FTE. Using this calculation, they estimate it would need 3.50 FTE and the standard per FTE expenses and equipment to complete these activities.

However, Sections 285.612, 285.615, 285.618, and 285.621 expressly state that they are not required to take on the new duties it is authorized to perform under this proposal if doing so will require an appropriation to cover the costs of performing the duties. Because these duties are optional and are not required of their department, if there is no appropriation made to cover the cost, they estimate no mandated fiscal impact for this proposal.

Officials from the **Department of Revenue** indicated they defer this fiscal note to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they will defer to the Office of Administration response to this petition.

Officials from the **Department of Social Services** indicated they will defer to the Office of Administration response to this petition. They indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no fiscal impact to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated:

This initiative petition adds 15 new sections to Chapter 285 related to sick leave.

Under this proposal, employers would be required to provide paid sick leave to employees. The amount would be dependent upon the number of employees. It does not include employees covered under a valid collective bargaining agreement and it provides employees with an avenue of recourse if the employee claims to be aggrieved.

The State of Missouri is excluded from the provisions of this proposal, therefore there would be no statewide impact related to this proposal other than potentially higher costs for services purchased by the state. However, the Department of Labor and Industrial Relations (DOLIR) will be impacted. Budget and Planning defers to the DOLIR for the specific impact to that agency.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office, as they are an independent department within state government and by definition state employees are exempt from this proposed legislation.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated there is no impact on their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted because cities are not employers. An indirect cost to cities may arise through increased labor costs of those vendors contracting with the city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition could have a fiscal impact on local government.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined that for benefit eligible employees (defined as working .75 or >) that it does not appear that the proposed legislation as written would create a significant fiscal impact to their university.

Officials from the **Missouri Lottery** indicated no fiscal impact to their agency.

Officials from the **Public Service Commission** indicated no fiscal impact on their agency.

Officials from the **State Tax Commission** indicated this initiative petition pertaining to sick leave in Chapter 285 does not directly impact their office. As a state agency this matter is under the direction of Office of Administration, Division of Personnel.

Officials from the **Missouri Veterans Commission** indicated no fiscal impact to their agency.

Officials from the **Missouri Office of Prosecution Services** indicated no measurable fiscal impact to their office.

Officials from the **Kansas City Boards of Election Commissioners** indicated there is no fiscal impact with amendments to Chapter 285, Versions 1 -12, since the State is not responsible for costs associated with the November 2018 election.

Officials from the **Platte County Board of Elections** indicated the proposed initiative would have no fiscal impact on their office.

Officials from the **Jackson County Election Board** indicated no fiscal impact on their office.

Officials from the **Lieutenant Governor's office** indicated it is anticipated that this initiative petition will impose little to no costs or savings on their office.

Officials from the **Children's Trust Fund** indicated they are part of the Office of Administration and thus will be covered by the Office of Administration's official response. They will not be responding separately.

Officials from the **Missouri Joint Municipal Electric Utility Commission** indicated:

The Missouri Association of Municipal Utilities represents approximately 120 cities in Missouri providing utility services to their customer/owners. They do not represent cities in their general business operation. That representation is undertaken by the Missouri Municipal League and its executive director Dan Ross.

Based on a review of each of the 12 versions it appears that there would be no direct cost to any of their cities since the framers of the amendment specifically excluded cities from the definition of employers and city employees from coverage of the proposed changes.

However, it is possible that cities may experience some increases in the cost of goods and services consumed in the regular course of business as a result of higher labor input costs. It is impossible to accurately predict those increases other than to make you aware of the potential.

Officials from the **State Auditor's office** indicated there is no fiscal impact for their office.

Officials from **University of Central Missouri** indicated if they are included in the definition of "employer" that would be impacted by this legislation, they would have an additional cost of roughly $340,000. In fiscal year 2016, part-time employees worked nearly 679,000 hours. If each 30 hours resulted in one sick time hour, that would be 22,634 hours. At an average rate of $15/hour, that would have a fiscal impact of $340,000.

If the definition of employer is interpreted to exclude UCM because of its status as a state agency, then there would be no fiscal impact.

Officials from **Missouri State University** indicated no fiscal impact on their university.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Lara Granich and Missouri Jobs with Justice Voter Action provided the following information as proponents of this initiative petition.

November 28, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Earned Sick Time Petitions
Petitions numbered by MO SOS at 2018-28 to 2018-39

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Earned Sick Time Petitions.

This analysis uses data collected by the U.S. Bureau of Labor Statistics, the Centers for Disease Control and Prevention, and the U.S. Census Bureau to evaluate the impact of earned sick time laws in Missouri. This analysis uses findings from previous peer-reviewed research to estimate cost-savings associated with the proposed policies through reduced turnover, reduced spread of contagious disease in the workplace, prevention of productivity losses from employees working while sick, minimized nursing-home stays, and reduced norovirus outbreaks in nursing homes. We also address certain claims that have been made by opponents in the past.

I. Estimate of Number of Workers Affected Statewide

According to the Institute for Women's Policy Research, an estimated 1,002,116 private sector workers in Missouri, or 45.9 percent of the workforce, cannot earn a single paid sick day to use to recover from common illnesses or seek medical care.[1]

II. Direct Costs to State

As these proposed initiatives exclude public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Enforcement would be handled by existing staff at the Department of Labor.

III. Economic Literature on the Impact of Earned Sick Time on Businesses

This analysis quantifies only a subset of potential benefits, predicting a net economic benefit from both of the proposed laws. Likely additional benefits from paid sick days not quantified in this analysis include: reduced health care spending due to reduced public contagion and more timely and regular preventive care and treatment; improved economic security among families who receive pay on sick days and are less likely to be fired or disciplined for taking sick time; and improved school outcomes and reduced contagion in schools, when parents can avoid sending sick children to school or child care.

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country. There is no evidence of business closures/layoffs as a result of earned sick time laws. Both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed. In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates. 2

The Washington D.C. Auditor reported "that the Accrued Sick and Safe Leave Act did not have the economic impact of encouraging business owners to move a business from the District nor did the Act have the economic impact of discouraging business owners to locate a business in the District of Columbia."3 New York City reported that "New York City's economy has thrived since the enactment of PSL [paid sick leave]. Between January 2014 and January 2015, a period that covers the law's implementation, economic indicators were a cause for celebration, not concern as many had predicted." 4

[1] 1 Institute for Women's Policy Research & National Partnership for Women & Families. (2015, May). Workers' Access to Paid Sick Days in the States. Table 2. Retrieved 8 July 2015, from http://www.nationalpartnership.org/research-library/work-family/psd/workers-access-to-paid-sick-days-in-the-states.pdf

[2] http://iwpr.org/publications/pubs/paid-sick-days-benefit-employers-workers-and-the-economy

[3] http://www.dcauditor.org/reports/audit-accrued-sick-and-safe-leave-act-2008

[4] http://www1.nyc.gov/assets/dca/downloads/pdf/about/PaidSickLeaveLaw-FirstYearMilestones.pdf

Summary of Benefits Associated With Missouri's Proposed Earned Sick Time Law

Benefits	Firms with <50 Employees			Firms with 50+ Employees		
	Dollars	Average per-worker savings		Dollars	Average per-worker costs/savings	
BENEFITS						
Lower Turnover	$32,718,875			$146,675,016		
Reduced Flu Contagion in the Workplace	$1,334,044			$5,980,370		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Employers' Savings	**$34,052,920**	**$6.97**	**$0.21**	**$152,655,386**	**$9.44**	**$0.26**
Reduced Short-Term Nursing Home Stays	$2,415,006			$8,165,162		
Reduced Norovirus in Nursing Homes	$21,692			$93,129		
Reduced Flu Contagion	$233,249			$771,691		
Reduced Emergency Department Visits	$3,512,104			$11,619,581		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Community Savings	**$6,182,052**	**$1.26**	**$0.04**	**$20,649,564**	**$1.28**	**$0.03**

Note: "Small" firms are defined in the proposed laws at firms employing fewer than 15 employees and "Large" firms are defined as firms employing 15 or more employees.

Source: Institute for Women's Policy Research Analysis of the 2014 American Community Survey (ACS), the 2016 National Compensation Survey (NCS), the 2013-2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2010 Current Population Survey Displaced Worker, Employee Tenure, and Occupational Mobility Supplement File, and the 2014-2015 National Health Interview Survey (NHIS).

Note on Methodology

The estimates are based on analyses of the following data sets: the 2013–2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2014-2015 National Health Interview Survey (NHIS), the 2014 American Community Survey (ACS), the 2016 National Compensation Survey and the 2014 Medical Expenditure Panel Survey along with findings from previous peer-reviewed research.

This analysis was limited to only private sector workers as the proposed legislation only covers such workers. The proposed legislation does include some small exemptions for certain employees which this analysis does not account for. Excluding such workers would result in minor reductions in both the costs and benefits estimated, but general trends would remain the same. To learn more about the methodology and sources please see "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days"[5]

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,
Lara Granich
Missouri Jobs with Justice Voter Action

[5] Williams, Claudia. 2013. "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days." IWPR Publication No. B311. Washington, DC: Institute for Women's Policy Research.

INSTITUTE FOR WOMEN'S POLICY RESEARCH

Briefing Paper

www.iwpr.org

IWPR #B361 July 2016

Paid Sick Days Benefit Employers, Workers, and the Economy

Jessica Milli, PhD., Jenny Xia, and Jisun Min

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country.[1] Yet millions more still would not be paid if they need to stay at home when they are sick or need to care for a family member who is ill. As of 2014, 51 million workers lacked access to paid sick days.[2]

Research has documented many benefits of paid sick days policies for workers, businesses, and communities as a whole. These benefits would multiply substantially if more workers gained access to paid sick days. This briefing paper summarizes research on the benefits of paid sick days and the effects of paid sick days policies in places that have them.

Employers Benefit from Paid Sick Days

- **Reduced contagion in the workplace:** A 2010 survey conducted by the National Opinion Research Center found that employees without access to paid sick days are 1.5 times more likely than those with access to go to work with a contagious illness (55 percent compared with 37 percent).[3] Such "presenteeism" has serious public health consequences including flu contagion. A 2010 analysis of labor force and Centers for Disease Control data estimated that more than one in four private sector employees worked while ill with H1N1 during the 2009 H1N1 pandemic, resulting in the estimated infection of 7 million co-workers with H1N1. Work absences from illness dropped more precipitously among public sector workers than among private sector workers during the decline of the pandemic. Because employees in the public sector have greater access to paid sick days, the finding suggests that paid sick days played a role in slowing contagion and potentially in speeding recovery.[4] A 2013 study employed a model simulating influenza contagion to estimate reductions in contagion rates under a universal paid sick days policy. Using data from the American Community Survey, LandScan USA, and the U.S. Census, the study estimated that providing paid sick days would reduce workplace influenza infection in the United States by about 6 percent.[5]

- **Improved productivity:** When workers come to work sick, their productivity and performance suffer. Estimates of productivity losses vary across studies. A 1997 study polling 332 workers who had influenza-like illnesses found that workers on average reported being 46 percent less effective while ill at work.[6] A 2003 study based on interviews with more than 28,000 workers reported that on average, workers lose 1.32 hours per week of productive time due to personal health related reasons.[7] Since workers

with access to paid sick days are less likely to come to work sick and infect their co-workers,[8] paid sick days can prevent further productivity losses resulting from illness and contagion in the workplace.

- **Decreased workplace injuries:** Working while sick also puts employees at greater risk of injury on the job. A 2012 study using the 2005 through 2008 National Health Interview Survey (NHIS) found that after controlling for factors like survey year, occupational sector, firm size, region, and the availability of paid sick leave, workers with access to paid sick days are 28 percent less likely to be injured on the job than workers without this benefit.[9]

- **Decreased employee turnover:** A 2012 analysis of data collected between 2004 and 2006 through the Medical Expenditure Panel Survey (MEPS) finds that the likelihood of job separation decreases by about 25 percent when a worker has access to paid sick days, even after controlling for potential confounding factors such as workers' educational attainment, earnings, and race/ethnicity.[10] As employee turnover typically costs an employer between 10 and 30 percent of an employee's annual salary,[11] a reduction in turnover can result in significant reductions in employer costs.

Paid Sick Days Improve Public Health

- **Increased use of preventive care:** Since paid sick days can be used for doctor visits, workers with paid sick days are more likely to seek preventive care and to be screened for diseases such as cancer, which can lead to early detection and treatment. A 2012 study using 2008 National Health Interview Survey (NHIS) data finds that after controlling for sociodemographic and health-care-related factors, workers with paid sick days are significantly more likely to have had mammograms, Pap tests, and endoscopy, and to have seen a doctor during the previous year than those without the benefit.[12]

- **More timely treatment for illnesses:** Workers without paid sick days are more likely to delay medical care when they or a family member is ill which can lead to a more serious or prolonged illness.[13]A 2016 analysis of the 2013 NHIS—which controlled for demographic and health-related factors like race and ethnicity, occupation, annual family income, and health insurance coverage—indicates that workers without paid sick leave are three times more likely to forgo medical care for themselves, and 1.6 times more likely to forgo medical care for their families, compared with workers who have the benefit.[14] A 2011 analysis of the NHIS found that when they do seek care, workers without paid sick days—regardless of their educational attainment, income, race/ethnicity and other demographic characteristics—are more likely to use an emergency department for care.[15]

- **Improved family health:** Paid sick days may encourage workers to respond to their children's and family members' health needs in a timely manner, thereby improving overall health outcomes for their families. Paid sick days are a primary factor affecting whether a working parent will stay at home with a sick child rather than sending them to school or child care sick. The 2010 National Opinion Research Center Survey found that

28 percent of workers without paid sick days reported sending a sick child to school or child care, compared with 14 percent of workers with paid sick days.[16] A 2012 study analyzing the 2008 National Study of the Changing Workforce (NSCW) and controlling for worker and job characteristics finds that having paid sick days is associated with reduced work-family conflict, which lessens difficulties parents face in taking time off from work to care for a sick child.[17]

Paid Sick Days Bring Economic Benefits for Workers, Families, and Communities

- **Improved employment and earnings stability:** When incomes are not interrupted by unpaid leave, families experience greater financial stability and economic well-being. According to a 2010 poll, 16 percent of workers surveyed reported losing a job for missing work when they were sick or to care for an ill family member.[18] Research has shown that having paid sick days reduces the likelihood of a job separation by at least 25 percent.[19]

- **Improved labor force attachment among caregivers:** Informal caregivers whose work schedules are incompatible with the care needs of their family members may decrease their work hours or even leave the labor force completely.[20] One 2011 Gallup poll found that most caregivers, including parents, reported missing at least one full day of work to fulfill their caregiving duties with an average of 6.6 workdays missed per year.[21] Paid sick days, however, may provide sufficient leave to caregivers to allow them to maintain their desired level of employment while continuing to perform their caregiving work.

- **Savings from reduced utilization of hospital emergency departments and a lower monetary burden on taxpayers:** A 2011 study using the 2008 and 2009 NHIS finds that the annual number of emergency department visits per worker without paid sick days is greater than it is for those with the benefit. Using MEPS data on the cost of emergency department visits, the study estimates that a lack of paid sick days resulted in an estimated 1.3 million preventable emergency department visits every year in the United States in 2008, costing $1.1 billion more than office visits would have. Part of these costs—$500 million—were paid by public insurance programs such as Medicaid.[22]

Research Finds Benefits of Existing Paid Sick Days Laws and Minimal Costs to Employers

Since the implementation of the first paid sick days law in 2007, several studies have evaluated the impacts of the legislation, with a particular emphasis on the effects on employers. These evaluations have largely found that the overall impact on businesses was minimal. Many firms saw benefits from the policy and counted themselves as supporters after implementing it.

- **Minimal costs:** Costs to employers of providing paid sick days have been modest. In Seattle, evaluations found that the cost of providing paid sick leave in 2013 was only

about 0.4 percent of total firm revenue for the year.[23] In Connecticut, nearly half of 228 employers surveyed in 2013, a year and a half after the state's paid sick days law's implementation, reported having no increased overall cost, and 19.1 percent of employers reported an increased cost of less than 2 percent.[24] In San Francisco, the paid sick leave ordinance created additional costs for a relatively small share of employers. Six out of seven employers reported no adverse effects on profitability.[25]

- **Ease of implementation:** Research shows that paid sick days have minimal effect on business operations. Most San Francisco employers reported that implementing the Paid Sick Leave Ordinance was not difficult.[26] Likewise, about two thirds of Seattle employers reported that implementing the Paid Sick and Safe Time Ordinance was not very difficult, and 70 percent expressed support for the policy a year after implementation of the Ordinance.[27] Similarly, a large majority of Connecticut employers surveyed in 2013 indicated that the Paid Sick Leave Law did not burden business operations.[28]

- **Employees use paid sick days judiciously:** Several years after the implementation of San Francisco's paid sick days law, an IWPR survey of 1,194 workers found that employees in San Francisco used fewer than half of the sick days available under the paid sick leave ordinance.[29] Using data from the 2014 NHIS, IWPR found that most workers who do have access to paid sick days do not use any in a given year.[30] In regions that have passed paid sick day laws, surveys suggest that abuse of paid sick days is rare. Among 228 Connecticut employers surveyed by the Center for Economic and Policy Research, 86 percent reported no known cases of abuse more than a year after paid sick days was implemented.[31] A report published by the City of Seattle auditor finds that more than nine in ten Seattle employers surveyed in 2012 had never reprimanded an employee for abusing paid sick days.[32]

- **Sustained job growth and employment:** In contrast to messaging communicated by big business lobbyists prior to the laws' passage, both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed.[33] In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates.[34]

- **Improved employee morale, motivation, loyalty, and productivity**: Over a quarter of Connecticut employers reported improved morale, 12.5 percent reported increased employee motivation, 10.6 percent reported increased loyalty, and 14.9 percent reported increased productivity after implementation of the state's paid sick days law.[35]

- **Improved work life balance for employees:** A 2010 IWPR survey found that one out of four San Francisco employees reported that paid sick days enabled them to better care for their own and their families' health needs. In addition, nearly 30 percent reported that their employers were more supportive when they needed to use their leave than they were

prior to the law's passage. More than half of all San Francisco workers reported at least one benefit as a result of the ordinance.[36]

- **Reduced flu contagion in locations with paid sick day laws:** One recent study used Google Flu data from 2003 to 2015 to show that influenza-like infection rates decrease significantly when workers gain access to paid sick days. By comparing the rates of influenza-like illnesses in regions with paid sick days policies—including the District of Columbia, Connecticut, California, Massachusetts, and Oregon—with those lacking such laws, the study finds that infection rates decrease by about 10 percent when employees without coverage obtain paid sick days.[37]

Conclusion

Literature spanning the fields of public health, economics, sociology, medicine, social work, and public policy converge to reflect the health, employment, and economic benefits of paid sick days. Research suggests that more widespread implementation of paid sick days policies would have a substantial positive impact on the well-being of children, families, and communities across the United States.

Notes

[1] For a complete list of paid sick days laws and their provisions, see: A Better Balance, "Overview of Paid Sick Time Laws in the United States," <http://www.abetterbalance.org/web/images/stories/Documents/sickdays/factsheet/PSDchart.pdf> (accessed May 4, 2016).
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[10] Heather Hill, "Paid Sick Leave and Job Stability," *Work and Occupations* 40(2): 143-173 (2013).
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[14] LeaAnne De Ringe, Patricia Stoddard-Dare, and Linda Quinn, "Workers Without Paid Sick Leave Less Likely to Take Time Off For Illness Or Injury Compared To Those With Paid Sick Leave," *Health Affairs* 35(3): 520-527 (2016).
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[21] Dan Witters, "Caregiving Costs U.S. Economy $25.2 Billion in Lost Productivity," *Gallup* (July 27, 2011) <http://www.gallup.com/poll/148670/caregiving-costs-economy-billion-lost-productivity.aspx> (accessed January 12, 2016).
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[24] Eileen Appelbaum, Ruth Milkman, Luke Elliott, and Teresa Kroeger, "Good for Business? Connecticut's Paid Sick Leave Law," Center for Economic and Policy Research (2014) <http://www.cepr.net/documents/good-for-buisness-2014-02-21.pdf> (accessed January 12, 2016).
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[26] ibid.
[27] Jennifer Romich with Wes Bignell, Tracy Brazg, Chantel Johnson, Cori Mar, Jennifer Morton, and Chiho Song, "Implementation and Early Outcomes of the City of Seattle Paid Sick and Safe Time Ordinance," (April 23, 2014)

<http://www.seattle.gov/Documents/Departments/CityAuditor/auditreports/PSSTOUWReportwAppendices.pdf> (accessed January 12, 2016).
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[29] Robert Drago and Vicky Lovell, *San Francisco's Paid Sick Leave Ordinance: Outcomes for Employers and Employees*, Institute for Women's Policy Research (February 2011) <http://iwpr.org/publications/pubs/San-Fran-PSD> (accessed March 18, 2016).
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Funding for this briefing paper was provided by the Ford Foundation and the Annie E. Casey Foundation.

For more information on IWPR reports or membership, please call (202) 785-5100, e-mail iwpr@iwpr.org, or visit www.iwpr.org.

The Institute for Women's Policy Research (IWPR) conducts rigorous research and disseminates its findings to address the needs of women, promote public dialogue, and strengthen families, communities, and societies. The Institute works with policymakers, scholars, and public interest groups to design, execute, and disseminate research that illuminates economic and social policy issues affecting women and their families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR's work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations and corporations. IWPR is a 501(c)(3) tax-exempt organization that also works in affiliation with the women's studies, and public policy and public administration programs at The George Washington University.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Ethics Commission,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Clay County Board of Election Commissioners, Harris-Stowe State University, Lincoln University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local governments expect no direct costs from this proposal, but indicated unknown higher costs for goods and services may result. Any change in tax revenue for state and local governments is unknown.

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 17, 2016

RECEIVED
NOV 17 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 285, version 7 (2018-034)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 16, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 16 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

Section 285.055 of the Revised Statutes of Missouri is amended and fifteen new sections to be known as sections 285.600, 285.603, 285.606, 285.609, 285.612, 285.615, 285.618, 285.621, 285.624, 285.627, 285.630, 285.633, 285.636, 285.639, and 285.642 are enacted to read as follows:

285.055. 1. As used in this section, the following terms shall mean:

(1) "Employee", an individual employed in this state by an employer;

(2) "Employer", any individual, sole proprietorship, partnership, limited liability company, corporation, or any other entity that is legally doing business in this state; provided, however, that employer shall not include any public employer as defined in section 285.525;

(3) "Employment benefits", anything of value that an employee may receive from an employer in addition to wages and salary. The term includes, but is not limited to, health, disability, retirement, profit-sharing, and death benefits; group accidental death and dismemberment benefits; paid or unpaid days off from work for holidays, [sick leave,] vacation, and personal necessity; and terms of employment, attendance, or leave policies; provided, however, that for purposes of this section, "employment benefits" does not include paid or unpaid days off from work for sick leave that can be used for the purposes listed in subsection (1) of section 285.606.

(4) "Political subdivision", any county, city, town, or village.

2. No political subdivision shall establish, mandate, or otherwise require an employer to provide to an employee:

(1) A minimum or living wage rate; or

(2) Employment benefits;

that exceed the requirements of federal or state laws, rules, or regulations. The provisions of this subsection shall not preempt any state law or local minimum wage ordinance requirements in effect on August 28, 2015.

285.600. As used in sections 285.600 through 285.642:

(1) "Department", Department of Labor and Industrial Relations.

(2) "Director", Director of the Department of Labor and Industrial Relations.

(3) "Earned paid sick time", time that is compensated at the same hourly rate and with the same benefits, including health care benefits, as the employee normally earns during hours worked and is provided by an employer to an employee for the purposes described in section 285.606, but in no case shall this hourly amount be less than that provided under section 290.502.

(4) "Employee", any individual employed in this state by an employer, but does not include:

(A) Any individual engaged in the activities of an educational, charitable, religious, or nonprofit organization where the employer-employee relationship does not, in fact, exist or where the services rendered to the organization are on a voluntary basis;

(B) Any individual standing in loco parentis to foster children in their care;

(C) Any individual employed for less than four months in any year in a resident or day camp for children or youth, or any individual employed by an educational conference center operated by an educational, charitable or not-for-profit organization;

(D) Any individual engaged in the activities of an educational organization where employment by the organization is in lieu of the requirement that the individual pay the cost of tuition, housing or other educational fees of the organization or where earnings of the individual employed by the organization are credited toward the payment of the cost of tuition, housing or other educational fees of the organization;

(E) Any individual employed on or about a private residence on an occasional basis for six hours or less on each occasion;

(F) Any individual employed on a casual basis to provide baby-sitting services;

(G) Any individual employed by an employer subject to the provisions of part A of subtitle IV of title 49, United States Code, 49 U.S.C. §§ 10101 et seq.;

(H) Any individual employed on a casual or intermittent basis as a golf caddy, newsboy, or in a similar occupation;

(I) Any individual who is employed in any government position defined in 29 U.S.C. §§ 203(e)(2)(C)(i)-(ii); or

(J) Any individual who is an offender, as defined in section 217.010, who is incarcerated in any correctional facility operated by the department of corrections, including offenders who provide labor or services on the grounds of such correctional facility pursuant to section 217.550.

(5) "Employer", any person acting directly or indirectly in the interest of an employer in relation to an employee; provided, however, that for the purposes of sections 285.600 through 285.642, "employer" does not include the United States Government, the state, or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state.

(6) "Family member", any of the following individuals:

(A) Regardless of age, a biological, adopted or foster child, stepchild or legal ward, a child of a domestic partner, a child to whom the employee stands in loco parentis, or an individual to whom the employee stood in loco parentis when the individual was a minor;

(B) A biological, foster, stepparent or adoptive parent or legal guardian of an employee or an employee's spouse or domestic partner or an individual who stood in loco parentis when the employee or employee's spouse or domestic partner was a minor child;

(C) An individual to whom the employee is legally married under the laws of any state, or a domestic partner who is registered as such under the laws of a political subdivision;

(D) A grandparent, grandchild, or sibling (whether of a biological, foster, adoptive or step relationship) of the employee or the employee's spouse or domestic partner; or

(E) A member of the employee's household.

(7) "Health care professional," any individual licensed under Federal or State law to provide medical or emergency services, including but not limited to doctors, nurses, certified nurse midwives, and emergency room personnel.

(8) "Person", any individual, partnership, association, corporation, business, business trust, legal representative, or any organized group of persons.

(9) "Retaliatory personnel action", denial of any right guaranteed under sections 285.600 through 285.642, or any threat, discharge, suspension, demotion, reduction of hours, or any other adverse action against an employee for the exercise of any right guaranteed herein. "Retaliatory personnel action" shall also include interference with or punishment for in any manner participating in or assisting an investigation, proceeding, or hearing under sections 285.600 through 285.642.

(10) "Year", a regular and consecutive twelve-month period as determined by the employer; except that for the purposes of section 285.615 and section 285.627, "year" shall mean a calendar year.

285.603. 1. Employees of an employer with fifteen or more employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than fifty-six hours of earned paid sick time per year, unless the employer selects a higher limit.

2. Employees of an employer with fewer than fifteen employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than forty hours of earned paid sick time per year, unless the employer selects a higher limit.

3. In determining the number of employees performing work for an employer for compensation during a given week, all employees performing work for compensation on a full-time, part-time, or temporary basis shall be counted. In situations in which the number of employees who work for an employer for compensation per week fluctuates above and below fifteen employees per week over the course of the year, an employer is required to provide earned paid sick time pursuant to subsection (1) of this section if it maintained fifteen or more employees on the payroll for some portion of a day in each of twenty different calendar weeks, whether or not the weeks were consecutive, in either the current or the preceding year (irrespective of whether the same individuals were in employment in each day).

4. All employees shall accrue earned paid sick time as follows:

(A) Earned paid sick time as provided in this section shall begin to accrue at the commencement of employment or ninety days after this law goes into effect, whichever is later. An employer may provide all paid sick time that an employee is expected to accrue in a year at the beginning of the year.

(B) An employee may use earned paid sick time as it is accrued, except that an employer may require an employee hired more than ninety days after this law goes into effect to wait until the ninetieth calendar day after commencing employment before using accrued earned paid sick time, unless otherwise permitted by the employer.

(C) Employees who are exempt from overtime requirements under 29 U.S.C. § 213(a)(1) of the Federal Fair Labor Standards Act will be assumed to work forty hours in each work week for purposes of earned paid sick time accrual unless their normal work week is less than forty hours, in which case earned paid sick time accrues based upon that normal work week.

(D) Earned paid sick time shall be carried over to the following year, subject to the limitations on usage in subsections (1) and (2) of this section. Alternatively, in lieu of carryover of unused earned paid sick time from one year to the next, an employer may pay an employee for unused earned paid sick time at the end of a year and provide the employee with an amount of paid sick time that meets or exceeds the requirements of sections 285.600 through 285.642 that is available for the employee's immediate use at the beginning of the subsequent year.

(E) If an employee is transferred to a separate division, entity, or location, but remains employed by the same employer, the employee is entitled to all earned paid sick time accrued at the prior division, entity, or location and is entitled to use all earned paid sick time as provided in this section. When there is a separation from employment and the employee is rehired within nine months of separation by the same employer, previously accrued earned paid sick time that had not been used shall be reinstated. Further, the employee shall be entitled to use accrued earned paid sick time and accrue additional earned paid sick time at the re-commencement of employment.

(F) When a different employer succeeds or takes the place of an existing employer, all employees of the original employer who remain employed by the successor employer are entitled to all earned paid sick time they

accrued when employed by the original employer, and are entitled to use earned paid sick time previously accrued.

(G) At its discretion, an employer may loan earned paid sick time to an employee in advance of accrual by such employee.

5. Any employer with a paid leave policy, such as a paid time off policy, who makes available an amount of paid leave sufficient to meet the accrual requirements of this section that may be used for the same purposes and under the same conditions as earned paid sick time under sections 285.600 through 285.642 is not required to provide additional paid sick time.

6. Nothing in this section shall be construed as requiring financial or other reimbursement to an employee from an employer upon the employee's termination, resignation, retirement, or other separation from employment for accrued earned paid sick time that has not been used.

285.606. 1. Earned paid sick time shall be provided to an employee by an employer for:

(A) An employee's mental or physical illness, injury, or health condition; an employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; an employee's need for preventive medical care;

(B) Care of a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; care of a family member who needs preventive medical care; or

(C) Closure of the employee's place of business by order of a public official due to a public health emergency, or an employee's need to care for a child whose school or place of care has been closed by order of a public official due to a public health emergency, or care for oneself or a family member when it has been determined by the health authorities having jurisdiction or by a health care provider that the employee's or family member's presence in the community may jeopardize the health of others because of his or her exposure to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

2. Earned paid sick time shall be provided upon the request of an employee. Such request may be made orally, in writing, by electronic means or by any other means acceptable to the employer. When possible, the request shall include the expected duration of the absence.

3. When the use of earned paid sick time is foreseeable, the employee shall make a good faith effort to provide notice of the need for such time to the employer in advance of the use of the earned paid sick time and shall make a reasonable effort to schedule the use of earned paid sick time in a manner that does not unduly disrupt the operations of the employer. Where such need is not foreseeable, an employer may require an employee to provide notice of the need for the use of earned paid sick time as soon as practicable.

4. An employer that requires notice of the need to use earned paid sick time where the need is not foreseeable shall provide a written policy that contains procedures for the employee to provide notice. An employer that has not provided to the employee a copy of its written policy for providing such notice shall not deny earned paid sick time to the employee based on non-compliance with such a policy.

5. An employer may not require, as a condition of an employee's taking earned paid sick time, that the employee search for or find a replacement worker to cover the hours during which the employee is using earned paid sick time.

6. Earned paid sick time may be used in the smaller of hourly increments or the smallest increment that the employer's payroll system uses to account for absences or use of other time.

7. For earned paid sick time of three or more consecutive work days, an employer may require reasonable documentation that the earned paid sick time has been used for a purpose covered by subsection (1) of this section. Documentation signed by a heath care professional indicating that earned paid sick time is necessary shall be considered reasonable documentation for purposes of this section. An employer may not require that the documentation explain the nature of the illness unless otherwise required by law.

285.609. 1. It shall be unlawful for an employer or any other person to interfere with, restrain, or deny the exercise of, or the attempt to exercise, any right protected under sections 285.600 through 285.642.

2. An employer shall not take retaliatory personnel action or discriminate against an employee or former employee because he or she has exercised rights protected under sections 285.600 through 285.642. Such rights include, but are not limited to, the right to request or use earned paid sick time pursuant to sections 285.600 through 285.642; the right to file a complaint or inform any person about any employer's alleged violation of sections 285.600 through 285.642; the right to participate in an investigation, hearing, or proceeding or cooperate with or assist the Department in any investigations of alleged violations of sections 285.600 through 285.642; and the right to inform any person of his or her potential rights under sections 285.600 through 285.642.

3. It shall be unlawful for an employer's absence control policy to count earned paid sick time taken under sections 285.600 through 285.642 as an absence that may lead to or result in discipline, discharge, demotion, suspension, or any other adverse action.

4. Protections of this section shall apply to any individual who mistakenly but in good faith alleges violations of sections 285.600 through 285.642.

285.612. 1. Employers shall give employees written notice of the following at the commencement of employment or by ninety days after this law goes into effect, whichever is later: employees are entitled to earned paid sick time and the amount of earned paid sick time, the terms of its use guaranteed under sections 285.600 through 285.642, that retaliatory personnel action against employees who request or use earned paid sick time is prohibited, that each employee has the right to bring a civil action if earned paid sick time as required by sections 285.600 through 285.642 is denied by the employer or the employee is subjected to retaliatory personnel action for requesting or taking earned paid sick time, and, if applicable, the contact information for the Department where questions about rights and responsibilities under sections 285.600 through 285.642 may be answered.

2. Employers shall display a poster that contains the information required in subsection (1) of this section in a conspicuous and accessible place in each establishment where such employees are employed, provided that such poster has been provided by the Department.

3. The Department may create and make available to employers, model notices and posters that contain the information required under subsection (1) of this section for employers' use in complying with subsections (1) and (2) of this section. Nothing in this subsection shall be interpreted or applied, either expressly or through practical necessity, to require the Department to create or make available notices or posters if it requires the appropriation of funds to cover the costs of such acts.

285.615. 1. Employers shall retain records documenting hours worked by employees and earned paid sick time taken by employees, for a period of not less than three years, and shall allow the Department access to such records, with appropriate notice and at a mutually agreeable time, to monitor compliance with the requirements of sections 285.600 through 285.642.

2. To the extent permitted by law, the Director may inspect such records, and the records shall be open for inspection by the Director by appointment. Where the records required under this section are kept outside the state, the records shall be made available to the Director upon demand. Every such employer shall furnish to the Director on demand a sworn statement of time records and information upon forms prescribed or approved by the Director. All the records and information obtained by the Department are confidential and shall be disclosed only on order of a court of competent jurisdiction.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department or Director to access or inspect records or to create forms relating to the inspection of records if it requires the appropriation of funds to cover the costs of such acts.

285.618. 1. The Department may, in accordance with chapter 536, promulgate rules to implement the provisions of sections 285.600 through 285.642. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2018, shall be invalid and void.

2. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the promulgation or adoption of rules if it requires the appropriation of funds to cover the costs of such acts.

285.621. 1. To the extent permitted by law, the Department may investigate and ascertain compliance with sections 285.600 through 285.642, establish and implement a system to receive complaints regarding non-compliance with sections 285.600 through 285.642 and to investigate and attempt to resolve complaints through mediation between the complainant and the subject of the complaint, and establish additional means of enforcement to the extent permitted by the law.

2. The Department may develop and implement an outreach program to inform employees, parents, and persons who are under the care of a health care provider about the availability of earned paid sick time under sections 285.600 through 285.642. This program may include the distribution of notices and other written materials to child care and elder care providers, domestic violence shelters, schools, hospitals, community health centers and other health care providers in Missouri.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department to conduct investigations and ascertain compliance with sections 285.600 through 285.642, to establish and implement a system to receive or resolve complaints, to establish additional means of enforcement, or to conduct outreach and education, including the creation of notices and other written materials, concerning sections 285.600 through 285.642, if it requires the appropriation of funds to cover the costs of such acts.

285.624. 1. To the extent permitted by law, any employer who violates or fails to comply with any of the provisions and requirements of sections 285.600 through 285.642 shall be guilty of a class C misdemeanor and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for violation of a class C misdemeanor; provided, however, that an employer who willfully violates the notice and posting requirements of section 285.612 shall be guilty of an infraction and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for an infraction.

2. For purposes of this section, each day of violation or failure to comply and each employee affected shall constitute a separate offense.

285.627. 1. Any individual who claims to have been aggrieved by a failure of an employer to comply with any portion of sections 285.600 through 285.642, including but not limited to the failure to provide earned paid sick time or to allow employees to use such time consistent with sections 285.600 through 285.642, or who claims to have suffered a retaliatory personnel action, shall have a right of action and may commence a civil action in the appropriate court of jurisdiction within three years of the accrual of the cause of action, to obtain appropriate relief with respect to such unlawful violation.

2. In a civil action under this section, if the court finds a violation has occurred, the court may grant as relief, as it deems appropriate and to the extent permitted by law, any permanent or temporary injunction, the full amount of any unpaid earned sick time plus any actual damages suffered as the result of the employer's violation of sections 285.600 through 285.642, an additional amount equal to twice any unpaid earned sick time as liquidated damages, costs, and reasonable attorney's fees as may be allowed by the court, and other legal or equitable relief as may be appropriate to remedy the violation, including, without limitation, reinstatement to employment and back pay. Any agreement between the employee and the employer to waive the protections of sections 285.600 through 285.642, with the exception of section 285.633, shall be no defense to the action.

285.630. 1. Except as otherwise required by law, an employer may not require disclosure of details relating to an employee's or an employee's family member's health information as a condition of providing earned paid sick time under sections 285.600 through 285.642.

2. Unless as otherwise required by law, any health information possessed by an employer regarding an employee or employee's family member must:

(A) be maintained on a separate form and in a separate file from other personnel information;

(B) be treated as confidential medical records; and

(C) not be disclosed except to the affected employee or with the express written permission of the affected employee.

285.633. 1. All or any portion of the earned paid sick time requirements of sections 285.600 through 285.642 shall not apply to employees covered by a valid collective bargaining agreement, to the extent that such requirements are expressly waived in the collective bargaining agreement in clear and unambiguous terms.

2. Notwithstanding subsection (1) of this section, with respect to employees covered by a valid collective bargaining agreement in effect on the effective date of sections 285.600 through 285.642, no provisions of sections 285.600 through 285.642 shall apply until the stated expiration date in the collective bargaining agreement.

3. Nothing in sections 285.600 through 285.642 shall be deemed to interfere, impede, or otherwise diminish the right of employees to bargain collectively through representatives of their own choosing.

285.636. 1. Nothing in sections 285.600 through 285.642 shall be construed to discourage or prohibit an employer from the adoption or retention of an earned paid sick time policy more generous than the one required herein.

2. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the obligation of an employer to comply with any contract, collective bargaining agreement, employment benefit plan, or other agreement providing more generous paid sick time to an employee than required herein. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the rights of public employees regarding paid sick time or use of paid sick time as provided in the laws of Missouri pertaining to public employees.

285.639. 1. Sections 285.600 through 285.642 provide minimum requirements pertaining to earned paid sick time and shall not be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, requirement, policy, or standard that provides for greater accrual or use by employees of earned paid sick time or that extends other protections to employees.

2. Any county, city, town, or village in the state shall have the power and authority to establish, mandate, or otherwise require an employer to provide to an employee paid or unpaid days off from work for sick leave which exceeds the requirements of sections 285.600 through 285.642.

3. Nothing in sections 285.600 through 285.642 shall be interpreted or applied to create a power or obligation contrary to any federal law, rule, or regulation.

285.642. Except as detailed in section 285.618, all of the provisions of sections 285.600 through 285.642 are severable, and if any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 285.600 through 285.642 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application, and to this end the provisions of sections 285.600 through 285.642 are declared severable.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-034)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 285 of the Revised Statutes of Missouri. (Received November 17, 2016)

Date

December 7, 2016

Description

This proposal would amend Chapter 285 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Lottery,** the **Public Service Commission,** the **State Tax Commission,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Veterans Commission,** the **Missouri Ethics Commission,** the **Missouri Office of Prosecution Services,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St.**

Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** the **Lieutenant Governor's office,** the **Children's Trust Fund,** the **Missouri Joint Municipal Electric Utility Commission,** the **State Auditor's office, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and Missouri Jobs with Justice Voter Action provided information as proponents of the proposal to the State Auditor's office.

Officials from the **Attorney General's office** indicated various provisions of the proposal authorize their department to promulgate rules, establish mediation procedures "and additional means of enforcement… ." They assume that their office may provide some review of proposals, but assume that any potential costs arising from this proposal can be absorbed with existing resources. They may seek additional appropriations if there is an increased review of rules in later years.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will be deferring to the Office of Administration and the Department of Labor and Industrial Relations regarding any fiscal impact this initiative petition might have.

Officials from the **Department of Higher Education** indicated the state, including departments, are exempt from the definition of "employer," so this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated there is no fiscal impact to their department as a result of this initiative petition. Section 285.600 (5) indicates "for the purposes of sections 285.600 through 285.642 "employer" does not include the United States Government, the state, …., including a department, agency, …."

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated they expect no change in revenues or expenses in fiscal years 2017, 2018, and 2019.

The petition, if passed by voters, would require businesses with 15 or more employees to provide paid sick time. It also would allow their department to educate employers, take complaints, and perform investigations of violations of the new law.

The long-range fiscal implications are the same as those of the estimate period.

Under the new language, they may educate employers and employees, promulgate rules, take complaints, and conduct investigations of alleged violations of the new provisions. They believe the education, registration of complaints, and investigations would be conducted in a manner similar to those conducted under the Minimum Wage program. Using employer information from the United States Census Bureau for employers with more than ten employees, they estimate that it would receive complaints from 1.5% of the estimated 40,886 businesses with 10 or more employees, or 613 complaints annually. (The Census Bureau does not break employers at the 15 or more level.) To investigate these 613 complaints, they would require 3.50 Wage & Hour Investigator I/IIs. In FY 2016, 578 complaints were closed by 3.50 Investigators, averaging 165 per FTE. Using this calculation, they estimate it would need 3.50 FTE and the standard per FTE expenses and equipment to complete these activities.

However, Sections 285.612, 285.615, 285.618, and 285.621 expressly state that they are not required to take on the new duties it is authorized to perform under this proposal if doing so will require an appropriation to cover the costs of performing the duties. Because these duties are optional and are not required of their department, if there is no appropriation made to cover the cost, they estimate no mandated fiscal impact for this proposal.

Officials from the **Department of Revenue** indicated they defer this fiscal note to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they will defer to the Office of Administration response to this petition.

Officials from the **Department of Social Services** indicated they will defer to the Office of Administration response to this petition. They indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no fiscal impact to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated:

This initiative petition adds 15 new sections to Chapter 285 related to sick leave.

Under this proposal, employers would be required to provide paid sick leave to employees. The amount would be dependent upon the number of employees. It does not include employees covered under a valid collective bargaining agreement and it provides employees with an avenue of recourse if the employee claims to be aggrieved.

The State of Missouri is excluded from the provisions of this proposal, therefore there would be no statewide impact related to this proposal other than potentially higher costs for services purchased by the state. However, the Department of Labor and Industrial Relations (DOLIR) will be impacted. Budget and Planning defers to the DOLIR for the specific impact to that agency.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office, as they are an independent department within state government and by definition state employees are exempt from this proposed legislation.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated there is no impact on their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted because cities are not employers. An indirect cost to cities may arise through increased labor costs of those vendors contracting with the city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition could have a fiscal impact on local government.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined that for benefit eligible employees (defined as working .75 or >) that it does not appear that the proposed legislation as written would create a significant fiscal impact to their university.

Officials from the **Missouri Lottery** indicated no fiscal impact to their agency.

Officials from the **Public Service Commission** indicated no fiscal impact on their agency.

Officials from the **State Tax Commission** indicated this initiative petition pertaining to sick leave in Chapter 285 does not directly impact their office. As a state agency this matter is under the direction of Office of Administration, Division of Personnel.

Officials from the **Missouri Veterans Commission** indicated no fiscal impact to their agency.

Officials from the **Missouri Office of Prosecution Services** indicated no measurable fiscal impact to their office.

Officials from the **Kansas City Boards of Election Commissioners** indicated there is no fiscal impact with amendments to Chapter 285, Versions 1 -12, since the State is not responsible for costs associated with the November 2018 election.

Officials from the **Platte County Board of Elections** indicated the proposed initiative would have no fiscal impact on their office.

Officials from the **Jackson County Election Board** indicated no fiscal impact on their office.

Officials from the **Lieutenant Governor's office** indicated it is anticipated that this initiative petition will impose little to no costs or savings on their office.

Officials from the **Children's Trust Fund** indicated they are part of the Office of Administration and thus will be covered by the Office of Administration's official response. They will not be responding separately.

Officials from the **Missouri Joint Municipal Electric Utility Commission** indicated:

The Missouri Association of Municipal Utilities represents approximately 120 cities in Missouri providing utility services to their customer/owners. They do not represent cities in their general business operation. That representation is undertaken by the Missouri Municipal League and its executive director Dan Ross.

Based on a review of each of the 12 versions it appears that there would be no direct cost to any of their cities since the framers of the amendment specifically excluded cities from the definition of employers and city employees from coverage of the proposed changes.

However, it is possible that cities may experience some increases in the cost of goods and services consumed in the regular course of business as a result of higher labor input costs. It is impossible to accurately predict those increases other than to make you aware of the potential.

Officials from the **State Auditor's office** indicated there is no fiscal impact for their office.

Officials from **University of Central Missouri** indicated if they are included in the definition of "employer" that would be impacted by this legislation, they would have an additional cost of roughly $340,000. In fiscal year 2016, part-time employees worked nearly 679,000 hours. If each 30 hours resulted in one sick time hour, that would be 22,634 hours. At an average rate of $15/hour, that would have a fiscal impact of $340,000.

If the definition of employer is interpreted to exclude UCM because of its status as a state agency, then there would be no fiscal impact.

Officials from **Missouri State University** indicated no fiscal impact on their university.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Lara Granich and Missouri Jobs with Justice Voter Action provided the following information as proponents of this initiative petition.

November 28, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Earned Sick Time Petitions
Petitions numbered by MO SOS at 2018-28 to 2018-39

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Earned Sick Time Petitions.

This analysis uses data collected by the U.S. Bureau of Labor Statistics, the Centers for Disease Control and Prevention, and the U.S. Census Bureau to evaluate the impact of earned sick time laws in Missouri. This analysis uses findings from previous peer-reviewed research to estimate cost-savings associated with the proposed policies through reduced turnover, reduced spread of contagious disease in the workplace, prevention of productivity losses from employees working while sick, minimized nursing-home stays, and reduced norovirus outbreaks in nursing homes. We also address certain claims that have been made by opponents in the past.

I. Estimate of Number of Workers Affected Statewide

According to the Institute for Women's Policy Research, an estimated 1,002,116 private sector workers in Missouri, or 45.9 percent of the workforce, cannot earn a single paid sick day to use to recover from common illnesses or seek medical care.[1]

II. Direct Costs to State

As these proposed initiatives exclude public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Enforcement would be handled by existing staff at the Department of Labor.

III. Economic Literature on the Impact of Earned Sick Time on Businesses

This analysis quantifies only a subset of potential benefits, predicting a net economic benefit from both of the proposed laws. Likely additional benefits from paid sick days not quantified in this analysis include: reduced health care spending due to reduced public contagion and more timely and regular preventive care and treatment; improved economic security among families who receive pay on sick days and are less likely to be fired or disciplined for taking sick time; and improved school outcomes and reduced contagion in schools, when parents can avoid sending sick children to school or child care.

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country. There is no evidence of business closures/layoffs as a result of earned sick time laws. Both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed. In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates. 2

The Washington D.C. Auditor reported "that the Accrued Sick and Safe Leave Act did not have the economic impact of encouraging business owners to move a business from the District nor did the Act have the economic impact of discouraging business owners to locate a business in the District of Columbia."3 New York City reported that "New York City's economy has thrived since the enactment of PSL [paid sick leave]. Between January 2014 and January 2015, a period that covers the law's implementation, economic indicators were a cause for celebration, not concern as many had predicted." 4

[1] 1 Institute for Women's Policy Research & National Partnership for Women & Families. (2015, May). Workers' Access to Paid Sick Days in the States. Table 2. Retrieved 8 July 2015, from http://www.nationalpartnership.org/research-library/work-family/psd/workers-access-to-paid-sick-days-in-the-states.pdf

[2] http://iwpr.org/publications/pubs/paid-sick-days-benefit-employers-workers-and-the-economy

[3] http://www.dcauditor.org/reports/audit-accrued-sick-and-safe-leave-act-2008

[4] http://www1.nyc.gov/assets/dca/downloads/pdf/about/PaidSickLeaveLaw-FirstYearMilestones.pdf

Summary of Benefits Associated With Missouri's Proposed Earned Sick Time Law

Benefits	Firms with <50 Employees			Firms with 50+ Employees		
	Dollars	Average per-worker savings		Dollars	Average per-worker costs/savings	
BENEFITS						
Lower Turnover	$32,718,875			$146,675,016		
Reduced Flu Contagion in the Workplace	$1,334,044			$5,980,370		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Employers' Savings	**$34,052,920**	**$6.97**	**$0.21**	**$152,655,386**	**$9.44**	**$0.26**
Reduced Short-Term Nursing Home Stays	$2,415,006			$8,165,162		
Reduced Norovirus in Nursing Homes	$21,692			$93,129		
Reduced Flu Contagion	$233,249			$771,691		
Reduced Emergency Department Visits	$3,512,104			$11,619,581		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Community Savings	**$6,182,052**	**$1.26**	**$0.04**	**$20,649,564**	**$1.28**	**$0.03**

Note: "Small" firms are defined in the proposed laws at firms employing fewer than 15 employees and "Large" firms are defined as firms employing 15 or more employees.

Source: Institute for Women's Policy Research Analysis of the 2014 American Community Survey (ACS), the 2016 National Compensation Survey (NCS), the 2013-2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2010 Current Population Survey Displaced Worker, Employee Tenure, and Occupational Mobility Supplement File, and the 2014-2015 National Health Interview Survey (NHIS).

Note on Methodology

The estimates are based on analyses of the following data sets: the 2013–2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2014-2015 National Health Interview Survey (NHIS), the 2014 American Community Survey (ACS), the 2016 National Compensation Survey and the 2014 Medical Expenditure Panel Survey along with findings from previous peer-reviewed research.

This analysis was limited to only private sector workers as the proposed legislation only covers such workers. The proposed legislation does include some small exemptions for certain employees which this analysis does not account for. Excluding such workers would result in minor reductions in both the costs and benefits estimated, but general trends would remain the same. To learn more about the methodology and sources please see "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days"[5]

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,
Lara Granich
Missouri Jobs with Justice Voter Action

[5] Williams, Claudia. 2013. "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days." IWPR Publication No. B311. Washington, DC: Institute for Women's Policy Research.

INSTITUTE FOR WOMEN'S POLICY RESEARCH

Briefing Paper

www.iwpr.org

IWPR #B361 July 2016

Paid Sick Days Benefit Employers, Workers, and the Economy

Jessica Milli, PhD., Jenny Xia, and Jisun Min

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country.[1] Yet millions more still would not be paid if they need to stay at home when they are sick or need to care for a family member who is ill. As of 2014, 51 million workers lacked access to paid sick days.[2]

Research has documented many benefits of paid sick days policies for workers, businesses, and communities as a whole. These benefits would multiply substantially if more workers gained access to paid sick days. This briefing paper summarizes research on the benefits of paid sick days and the effects of paid sick days policies in places that have them.

Employers Benefit from Paid Sick Days

- **Reduced contagion in the workplace:** A 2010 survey conducted by the National Opinion Research Center found that employees without access to paid sick days are 1.5 times more likely than those with access to go to work with a contagious illness (55 percent compared with 37 percent).[3] Such "presenteeism" has serious public health consequences including flu contagion. A 2010 analysis of labor force and Centers for Disease Control data estimated that more than one in four private sector employees worked while ill with H1N1 during the 2009 H1N1 pandemic, resulting in the estimated infection of 7 million co-workers with H1N1. Work absences from illness dropped more precipitously among public sector workers than among private sector workers during the decline of the pandemic. Because employees in the public sector have greater access to paid sick days, the finding suggests that paid sick days played a role in slowing contagion and potentially in speeding recovery.[4] A 2013 study employed a model simulating influenza contagion to estimate reductions in contagion rates under a universal paid sick days policy. Using data from the American Community Survey, LandScan USA, and the U.S. Census, the study estimated that providing paid sick days would reduce workplace influenza infection in the United States by about 6 percent.[5]

- **Improved productivity:** When workers come to work sick, their productivity and performance suffer. Estimates of productivity losses vary across studies. A 1997 study polling 332 workers who had influenza-like illnesses found that workers on average reported being 46 percent less effective while ill at work.[6] A 2003 study based on interviews with more than 28,000 workers reported that on average, workers lose 1.32 hours per week of productive time due to personal health related reasons.[7] Since workers

with access to paid sick days are less likely to come to work sick and infect their co-workers,[8] paid sick days can prevent further productivity losses resulting from illness and contagion in the workplace.

- **Decreased workplace injuries:** Working while sick also puts employees at greater risk of injury on the job. A 2012 study using the 2005 through 2008 National Health Interview Survey (NHIS) found that after controlling for factors like survey year, occupational sector, firm size, region, and the availability of paid sick leave, workers with access to paid sick days are 28 percent less likely to be injured on the job than workers without this benefit.[9]

- **Decreased employee turnover:** A 2012 analysis of data collected between 2004 and 2006 through the Medical Expenditure Panel Survey (MEPS) finds that the likelihood of job separation decreases by about 25 percent when a worker has access to paid sick days, even after controlling for potential confounding factors such as workers' educational attainment, earnings, and race/ethnicity.[10] As employee turnover typically costs an employer between 10 and 30 percent of an employee's annual salary,[11] a reduction in turnover can result in significant reductions in employer costs.

Paid Sick Days Improve Public Health

- **Increased use of preventive care:** Since paid sick days can be used for doctor visits, workers with paid sick days are more likely to seek preventive care and to be screened for diseases such as cancer, which can lead to early detection and treatment. A 2012 study using 2008 National Health Interview Survey (NHIS) data finds that after controlling for sociodemographic and health-care-related factors, workers with paid sick days are significantly more likely to have had mammograms, Pap tests, and endoscopy, and to have seen a doctor during the previous year than those without the benefit.[12]

- **More timely treatment for illnesses:** Workers without paid sick days are more likely to delay medical care when they or a family member is ill which can lead to a more serious or prolonged illness.[13]A 2016 analysis of the 2013 NHIS—which controlled for demographic and health-related factors like race and ethnicity, occupation, annual family income, and health insurance coverage—indicates that workers without paid sick leave are three times more likely to forgo medical care for themselves, and 1.6 times more likely to forgo medical care for their families, compared with workers who have the benefit.[14] A 2011 analysis of the NHIS found that when they do seek care, workers without paid sick days—regardless of their educational attainment, income, race/ethnicity and other demographic characteristics—are more likely to use an emergency department for care.[15]

- **Improved family health:** Paid sick days may encourage workers to respond to their children's and family members' health needs in a timely manner, thereby improving overall health outcomes for their families. Paid sick days are a primary factor affecting whether a working parent will stay at home with a sick child rather than sending them to school or child care sick. The 2010 National Opinion Research Center Survey found that

28 percent of workers without paid sick days reported sending a sick child to school or child care, compared with 14 percent of workers with paid sick days.[16] A 2012 study analyzing the 2008 National Study of the Changing Workforce (NSCW) and controlling for worker and job characteristics finds that having paid sick days is associated with reduced work-family conflict, which lessens difficulties parents face in taking time off from work to care for a sick child.[17]

Paid Sick Days Bring Economic Benefits for Workers, Families, and Communities

- **Improved employment and earnings stability:** When incomes are not interrupted by unpaid leave, families experience greater financial stability and economic well-being. According to a 2010 poll, 16 percent of workers surveyed reported losing a job for missing work when they were sick or to care for an ill family member.[18] Research has shown that having paid sick days reduces the likelihood of a job separation by at least 25 percent.[19]

- **Improved labor force attachment among caregivers:** Informal caregivers whose work schedules are incompatible with the care needs of their family members may decrease their work hours or even leave the labor force completely.[20] One 2011 Gallup poll found that most caregivers, including parents, reported missing at least one full day of work to fulfill their caregiving duties with an average of 6.6 workdays missed per year.[21] Paid sick days, however, may provide sufficient leave to caregivers to allow them to maintain their desired level of employment while continuing to perform their caregiving work.

- **Savings from reduced utilization of hospital emergency departments and a lower monetary burden on taxpayers:** A 2011 study using the 2008 and 2009 NHIS finds that the annual number of emergency department visits per worker without paid sick days is greater than it is for those with the benefit. Using MEPS data on the cost of emergency department visits, the study estimates that a lack of paid sick days resulted in an estimated 1.3 million preventable emergency department visits every year in the United States in 2008, costing $1.1 billion more than office visits would have. Part of these costs—$500 million—were paid by public insurance programs such as Medicaid.[22]

Research Finds Benefits of Existing Paid Sick Days Laws and Minimal Costs to Employers

Since the implementation of the first paid sick days law in 2007, several studies have evaluated the impacts of the legislation, with a particular emphasis on the effects on employers. These evaluations have largely found that the overall impact on businesses was minimal. Many firms saw benefits from the policy and counted themselves as supporters after implementing it.

- **Minimal costs:** Costs to employers of providing paid sick days have been modest. In Seattle, evaluations found that the cost of providing paid sick leave in 2013 was only

about 0.4 percent of total firm revenue for the year.[23] In Connecticut, nearly half of 228 employers surveyed in 2013, a year and a half after the state's paid sick days law's implementation, reported having no increased overall cost, and 19.1 percent of employers reported an increased cost of less than 2 percent.[24] In San Francisco, the paid sick leave ordinance created additional costs for a relatively small share of employers. Six out of seven employers reported no adverse effects on profitability.[25]

- **Ease of implementation:** Research shows that paid sick days have minimal effect on business operations. Most San Francisco employers reported that implementing the Paid Sick Leave Ordinance was not difficult.[26] Likewise, about two thirds of Seattle employers reported that implementing the Paid Sick and Safe Time Ordinance was not very difficult, and 70 percent expressed support for the policy a year after implementation of the Ordinance.[27] Similarly, a large majority of Connecticut employers surveyed in 2013 indicated that the Paid Sick Leave Law did not burden business operations.[28]

- **Employees use paid sick days judiciously:** Several years after the implementation of San Francisco's paid sick days law, an IWPR survey of 1,194 workers found that employees in San Francisco used fewer than half of the sick days available under the paid sick leave ordinance.[29] Using data from the 2014 NHIS, IWPR found that most workers who do have access to paid sick days do not use any in a given year.[30] In regions that have passed paid sick day laws, surveys suggest that abuse of paid sick days is rare. Among 228 Connecticut employers surveyed by the Center for Economic and Policy Research, 86 percent reported no known cases of abuse more than a year after paid sick days was implemented.[31] A report published by the City of Seattle auditor finds that more than nine in ten Seattle employers surveyed in 2012 had never reprimanded an employee for abusing paid sick days.[32]

- **Sustained job growth and employment:** In contrast to messaging communicated by big business lobbyists prior to the laws' passage, both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed.[33] In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates.[34]

- **Improved employee morale, motivation, loyalty, and productivity**: Over a quarter of Connecticut employers reported improved morale, 12.5 percent reported increased employee motivation, 10.6 percent reported increased loyalty, and 14.9 percent reported increased productivity after implementation of the state's paid sick days law.[35]

- **Improved work life balance for employees:** A 2010 IWPR survey found that one out of four San Francisco employees reported that paid sick days enabled them to better care for their own and their families' health needs. In addition, nearly 30 percent reported that their employers were more supportive when they needed to use their leave than they were

prior to the law's passage. More than half of all San Francisco workers reported at least one benefit as a result of the ordinance.[36]

- **Reduced flu contagion in locations with paid sick day laws:** One recent study used Google Flu data from 2003 to 2015 to show that influenza-like infection rates decrease significantly when workers gain access to paid sick days. By comparing the rates of influenza-like illnesses in regions with paid sick days policies—including the District of Columbia, Connecticut, California, Massachusetts, and Oregon—with those lacking such laws, the study finds that infection rates decrease by about 10 percent when employees without coverage obtain paid sick days.[37]

Conclusion

Literature spanning the fields of public health, economics, sociology, medicine, social work, and public policy converge to reflect the health, employment, and economic benefits of paid sick days. Research suggests that more widespread implementation of paid sick days policies would have a substantial positive impact on the well-being of children, families, and communities across the United States.

Notes

[1] For a complete list of paid sick days laws and their provisions, see: A Better Balance, "Overview of Paid Sick Time Laws in the United States," <http://www.abetterbalance.org/web/images/stories/Documents/sickdays/factsheet/PSDchart.pdf> (accessed May 4, 2016).
[2] Jenny Xia, Jeffrey Hayes, Barbara Gault, and Hailey Nguyen, "Paid Sick Days Access and Usage Rates Vary by Race/Ethnicity, Occupation, and Earnings," Institute for Women's Policy Research (February 2016) <http://iwpr.org/publications/pubs/paid-sick-days-access-and-usage-rates-vary-by-race-ethnicity-occupation-and-earnings> (accessed March 18, 2016).
[3] Tom W. Smith and Jibum Kim, "Paid Sick Days: Attitudes and Experiences," Public Welfare Foundation (June 2010) <http://www.nationalpartnership.org/research-library/work-family/psd/paid-sick-days-attitudes-and-experiences.pdf> (accessed January 12, 2016).
[4] Robert Drago and Kevin Miller, "Sick at Work: Infected Employees in the Workplace During the H1N1 Pandemic," Institute for Women's Policy Research (January 2010) <http://iwpr.org/publications/pubs/sick-at-work-infected-employees-in-the-workplace-during-the-h1n1-pandemic > (accessed March 18, 2016).
[5] Supriya Kumar, John J. Grefenstette, David Galloway, Steven M. Albert, and Donald S. Burke, "Policies to Reduce Influenza in the Workplace: Impact Assessments Using an Agent-Based Model," *American Journal of Public Health* 103 (8): 1406-1411 (2013).
[6] M Keech, A.J. Scott, and P. J. J. Ryan, "The impact of influenza and influenza-like illness on productivity and healthcare resource utilization in a working population," *Occupational Medicine* 48 (2): 85-90 (1998).
[7] Walter F. Stewart, Judith A. Ricci, Elsbeth Chee, and David Morganstein, "Lost Productive Work Time Costs From Health Conditions in the United States: Results From the American Productivity Audit," American College of Occupational and Environmental Medicine (December 2003) < http://www.nationalpartnership.org/research-library/work-family/psd/lost-productive-work-time-american-productivity-audit.pdf> (accessed April 26th, 2016).
[8] Robert Drago and Kevin Miller, "Sick at Work: Infected Employees in the Workplace During the H1N1 Pandemic," Institute for Women's Policy Research (January 2010) <http://iwpr.org/publications/pubs/sick-at-work-infected-employees-in-the-workplace-during-the-h1n1-pandemic > (accessed March 18, 2016).

[9] Pana Asfaw, Regina Pana-Cryan, and Roger Rosa, "Paid Sick Leave and Nonfatal Occupational Injuries," *American Journal of Public Health* 102(9): e59-e64 (September 2012).
[10] Heather Hill, "Paid Sick Leave and Job Stability," *Work and Occupations* 40(2): 143-173 (2013).
[11] Heather Boushey and Sarah Jane Glynn, "There Are Significant Business Costs to Replacing Employees," Center for American Progress (November 16, 2012) <https://www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf> (accessed January 12, 2016).
[12] Lucy A. Peipins, Ashwini Soman, Zahava Berkowitz, and Mary C. White, "The lack of paid sick leave as a barrier to cancer screening and medical care-seeking: results from the National Health Interview Survey," *BMC Public Health* 12: 520 (2012).
[13] Institute of Medicine, "Care Without Coverage: Too Little, Too Late," (May 2002) <https://iom.nationalacademies.org/~/media/Files/Report%20Files/2003/Care-Without-Coverage-Too-Little-Too-Late/Uninsured2FINAL.pdf> (accessed January 12, 2016).
[14] LeaAnne De Ringe, Patricia Stoddard-Dare, and Linda Quinn, "Workers Without Paid Sick Leave Less Likely to Take Time Off For Illness Or Injury Compared To Those With Paid Sick Leave," *Health Affairs* 35(3): 520-527 (2016).
[15] Kevin Miller, Claudia Williams, and Youngmin Yi, "Paid Sick Days and Health: Cost Savings from Reduced Emergency Department Visits," Institute for Women's Policy Research (November 2011) <http://iwpr.org/publications/pubs/paid-sick-days-and-health-cost-savings-from-reduced-emergency-department-visits> (accessed March 18, 2016).
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[19] Heather Hill, "Paid Sick Leave and Job Stability," *Work and Occupations* 40(2): 143-173 (2013).
[20] Family Caregiver Alliance, "Selected Caregiver Statistics," (December 31, 2012) <https://caregiver.org/selected-caregiver-statistics> (accessed January 12, 2016).
[21] Dan Witters, "Caregiving Costs U.S. Economy $25.2 Billion in Lost Productivity," *Gallup* (July 27, 2011) <http://www.gallup.com/poll/148670/caregiving-costs-economy-billion-lost-productivity.aspx> (accessed January 12, 2016).
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[23] Jennifer Romich with Wes Bignell, Tracy Brazg, Chantel Johnson, Cori Mar, Jennifer Morton, and Chiho Song, "Implementation and Early Outcomes of the City of Seattle Paid Sick and Safe Time Ordinance," (April 23, 2014) <http://www.seattle.gov/Documents/Departments/CityAuditor/auditreports/PSSTOUWReportwAppendices.pdf> (accessed January 12, 2016).
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[25] Robert Drago and Vicky Lovell, *San Francisco's Paid Sick Leave Ordinance: Outcomes for Employers and Employees*, Institute for Women's Policy Research (February 2011) <http://iwpr.org/publications/pubs/San-Fran-PSD> (accessed March 18, 2016).
[26] ibid.
[27] Jennifer Romich with Wes Bignell, Tracy Brazg, Chantel Johnson, Cori Mar, Jennifer Morton, and Chiho Song, "Implementation and Early Outcomes of the City of Seattle Paid Sick and Safe Time Ordinance," (April 23, 2014)

<http://www.seattle.gov/Documents/Departments/CityAuditor/auditreports/PSSTOUWReportwAppendices.pdf> (accessed January 12, 2016).
[28] Eileen Appelbaum, Ruth Milkman, Luke Elliott, and Teresa Kroeger, "Good for Business? Connecticut's Paid Sick Leave Law," Center for Economic and Policy Research (2014) <http://www.cepr.net/documents/good-for-buisness-2014-02-21.pdf> (accessed January 12, 2016).
[29] Robert Drago and Vicky Lovell, *San Francisco's Paid Sick Leave Ordinance: Outcomes for Employers and Employees*, Institute for Women's Policy Research (February 2011) <http://iwpr.org/publications/pubs/San-Fran-PSD> (accessed March 18, 2016).
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[33] Kevin Miller and Sarah Towne, "San Francisco Employment Growth Remains Stronger with Paid Sick Days Law Than Surrounding Counties," Institute for Women's Policy Research (September 2011) <http://iwpr.org/publications/pubs/san-francisco-employment-growth-remains-stronger-with-paid-sick-days-law-than-surrounding-counties> (accessed March 18, 2016).
[34] The Main Street Alliance of Washington, "Paid Sick Days and the Seattle Economy: Job growth and business formation at the 1-year anniversary of Seattle's Paid Sick and Safe Leave law," (September 2013) <http://www.thestranger.com/images/blogimages/2013/09/10/1378841347-psd-1-year-report-final.pdf> (accessed January 12, 2016).
[35] Eileen Appelbaum, Ruth Milkman, Luke Elliott, and Teresa Kroeger, "Good for Business? Connecticut's Paid Sick Leave Law," Center for Economic and Policy Research (2014) <http://www.cepr.net/documents/good-for-buisness-2014-02-21.pdf> (accessed January 12, 2016).
[36] Robert Drago and Vicky Lovell, *San Francisco's Paid Sick Leave Ordinance: Outcomes for Employers and Employees*, Institute for Women's Policy Research (February 2011) <http://iwpr.org/publications/pubs/San-Fran-PSD> (accessed March 18, 2016).
[37] Stefan Pichler and Nicolas R. Ziebarth, "The Pros and Cons of Sick Pay Schemes," DIW Berlin (2015) < https://www.diw.de/documents/publikationen/73/diw_01.c.514633.de/dp1509.pdf> (accessed April 26, 2016).

Funding for this briefing paper was provided by the Ford Foundation and the Annie E. Casey Foundation.

For more information on IWPR reports or membership, please call (202) 785-5100, e-mail iwpr@iwpr.org, or visit www.iwpr.org.

The Institute for Women's Policy Research (IWPR) conducts rigorous research and disseminates its findings to address the needs of women, promote public dialogue, and strengthen families, communities, and societies. The Institute works with policymakers, scholars, and public interest groups to design, execute, and disseminate research that illuminates economic and social policy issues affecting women and their families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR's work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations and corporations. IWPR is a 501(c)(3) tax-exempt organization that also works in affiliation with the women's studies, and public policy and public administration programs at The George Washington University.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Ethics Commission,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Clay County Board of Election Commissioners, Harris-Stowe State University, Lincoln University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local governments expect no direct costs from this proposal, but indicated unknown higher costs for goods and services may result. Any change in tax revenue for state and local governments is unknown.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

November 17, 2016

RECEIVED
NOV 17 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 285, version 6 (2018-033)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 16, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 16 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

Fifteen new sections to be known as sections 285.600, 285.603, 285.606, 285.609, 285.612, 285.615, 285.618, 285.621, 285.624, 285.627, 285.630, 285.633, 285.636, 285.639, and 285.642 are enacted to read as follows:

285.600. As used in sections 285.600 through 285.642:

(1) "Construction", includes construction, reconstruction, improvement, enlargement, alteration, painting and decorating, or major repair.

(2) "Construction industry", includes any employer whose employees conduct or perform construction as a principal component of the employer's business or enterprise.

(3) "Department", Department of Labor and Industrial Relations.

(4) "Director", Director of the Department of Labor and Industrial Relations.

(5) "Earned paid sick time", time that is compensated at the same hourly rate and with the same benefits, including health care benefits, as the employee normally earns during hours worked and is provided by an employer to an employee for the purposes described in section 285.606, but in no case shall this hourly amount be less than that provided under section 290.502.

(6) "Employee", any individual employed in this state by an employer, but does not include:

(A) Any individual engaged in the activities of an educational, charitable, religious, or nonprofit organization where the employer-employee relationship does not, in fact, exist or where the services rendered to the organization are on a voluntary basis;

(B) Any individual standing in loco parentis to foster children in their care;

(C) Any individual employed for less than four months in any year in a resident or day camp for children or youth, or any individual employed by an educational conference center operated by an educational, charitable or not-for-profit organization;

(D) Any individual engaged in the activities of an educational organization where employment by the organization is in lieu of the requirement that the individual pay the cost of tuition, housing or other educational fees of the organization or where earnings of the individual employed by the organization are credited toward the payment of the cost of tuition, housing or other educational fees of the organization;

(E) Any individual employed on or about a private residence on an occasional basis for six hours or less on each occasion;

(F) Any individual employed on a casual basis to provide baby-sitting services;

(G) Any individual employed by an employer subject to the provisions of part A of subtitle IV of title 49, United States Code, 49 U.S.C. §§ 10101 et seq.;

(H) Any individual employed on a casual or intermittent basis as a golf caddy, newsboy, or in a similar occupation;

(I) Any individual who is employed in any government position defined in 29 U.S.C. §§ 203(e)(2)(C)(i)-(ii);

(J) Any individual who is an offender, as defined in section 217.010, who is incarcerated in any correctional facility operated by the department of corrections, including offenders who provide labor or services on the grounds of such correctional facility pursuant to section 217.550; or

(K) Any individual engaged in construction work in the construction industry.

(7) "Employer", any person acting directly or indirectly in the interest of an employer in relation to an employee; provided, however, that for the purposes of sections 285.600 through 285.642, "employer" does not include the United States Government, the state, or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state.

(8) "Family member", any of the following individuals:

(A) Regardless of age, a biological, adopted or foster child, stepchild or legal ward, a child of a domestic partner, a child to whom the employee stands in loco parentis, or an individual to whom the employee stood in loco parentis when the individual was a minor;

(B) A biological, foster, stepparent or adoptive parent or legal guardian of an employee or an employee's spouse or domestic partner or an individual who stood in loco parentis when the employee or employee's spouse or domestic partner was a minor child;

(C) An individual to whom the employee is legally married under the laws of any state, or a domestic partner who is registered as such under the laws of a political subdivision;

(D) A grandparent, grandchild, or sibling (whether of a biological, foster, adoptive or step relationship) of the employee or the employee's spouse or domestic partner; or

(E) A member of the employee's household.

(9) "Health care professional," any individual licensed under Federal or State law to provide medical or emergency services, including but not limited to doctors, nurses, certified nurse midwives, and emergency room personnel.

(10) "Person", any individual, partnership, association, corporation, business, business trust, legal representative, or any organized group of persons.

(11) "Retaliatory personnel action", denial of any right guaranteed under sections 285.600 through 285.642, or any threat, discharge, suspension, demotion, reduction of hours, or any other adverse action against an employee for the exercise of any right guaranteed herein. "Retaliatory personnel action" shall also include interference with or punishment for in any manner participating in or assisting an investigation, proceeding, or hearing under sections 285.600 through 285.642.

(12) "Year", a regular and consecutive twelve-month period as determined by the employer; except that for the purposes of section 285.615 and section 285.627, "year" shall mean a calendar year.

285.603. 1. Employees of an employer with fifteen or more employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than forty hours of earned paid sick time per year, unless the employer selects a higher limit.

2. Employees of an employer with fewer than fifteen employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than twenty-four hours of earned paid sick time per year, unless the employer selects a higher limit.

3. In determining the number of employees performing work for an employer for compensation during a given week, all employees performing work for compensation on a full-time, part-time, or temporary basis shall be counted. In situations in which the number of employees who work for an employer for compensation per week fluctuates above and below fifteen employees per week over the course of the year, an employer is required to provide earned paid sick time pursuant to subsection (1) of this section if it maintained fifteen or more employees on the payroll for some portion of a day in each of twenty different calendar weeks, whether or not the weeks were consecutive, in either the current or the preceding year (irrespective of whether the same individuals were in employment in each day).

4. All employees shall accrue earned paid sick time as follows:

(A) Earned paid sick time as provided in this section shall begin to accrue at the commencement of employment or ninety days after this law goes into effect, whichever is later. An employer may provide all paid sick time that an employee is expected to accrue in a year at the beginning of the year.

(B) An employee may use earned paid sick time as it is accrued, except that an employer may require an employee hired more than ninety days after this law goes into effect to wait until the ninetieth calendar day after commencing employment before using accrued earned paid sick time, unless otherwise permitted by the employer.

(C) Employees who are exempt from overtime requirements under 29 U.S.C. § 213(a)(1) of the Federal Fair Labor Standards Act will be assumed to work forty hours in each work week for purposes of earned paid sick time accrual unless their normal work week is less than forty hours, in which case earned paid sick time accrues based upon that normal work week.

(D) Earned paid sick time shall be carried over to the following year, subject to the limitations on usage in subsections (1) and (2) of this section. Alternatively, in lieu of carryover of unused earned paid sick time from one year to the next, an employer may pay an employee for unused earned paid sick time at the end of a year and provide the employee with an amount of paid sick time that meets or exceeds the requirements of sections 285.600 through 285.642 that is available for the employee's immediate use at the beginning of the subsequent year.

(E) If an employee is transferred to a separate division, entity, or location, but remains employed by the same employer, the employee is entitled to all earned paid sick time accrued at the prior division, entity, or location and is entitled to use all earned paid sick time as provided in this section. When there is a separation from employment and the employee is rehired within nine months of separation by the same employer, previously accrued earned paid sick time that had not been used shall be reinstated. Further, the employee shall be entitled to use accrued earned paid sick time and accrue additional earned paid sick time at the re-commencement of employment.

(F) When a different employer succeeds or takes the place of an existing employer, all employees of the original employer who remain employed by the successor employer are entitled to all earned paid sick time they accrued when employed by the original employer, and are entitled to use earned paid sick time previously accrued.

(G) At its discretion, an employer may loan earned paid sick time to an employee in advance of accrual by such employee.

5. Any employer with a paid leave policy, such as a paid time off policy, who makes available an amount of paid leave sufficient to meet the accrual requirements of this section that may be used for the same purposes and under the same conditions as earned paid sick time under sections 285.600 through 285.642 is not required to provide additional paid sick time.

6. Nothing in this section shall be construed as requiring financial or other reimbursement to an employee from an employer upon the employee's termination, resignation, retirement, or other separation from employment for accrued earned paid sick time that has not been used.

285.606. 1. Earned paid sick time shall be provided to an employee by an employer for:

(A) An employee's mental or physical illness, injury, or health condition; an employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; an employee's need for preventive medical care;

(B) Care of a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; care of a family member who needs preventive medical care; or

(C) Closure of the employee's place of business by order of a public official due to a public health emergency, or an employee's need to care for a child whose school or place of care has been closed by order of a public official due to a public health emergency, or care for oneself or a family member when it has been determined by the health authorities having jurisdiction or by a health care provider that the employee's or family member's presence in the community may jeopardize the health of others because of his or her exposure to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

2. Earned paid sick time shall be provided upon the request of an employee. Such request may be made orally, in writing, by electronic means or by any other means acceptable to the employer. When possible, the request shall include the expected duration of the absence.

3. When the use of earned paid sick time is foreseeable, the employee shall make a good faith effort to provide notice of the need for such time to the employer in advance of the use of the earned paid sick time and shall make a reasonable effort to schedule the use of earned paid sick time in a manner that does not unduly disrupt the operations of the employer. Where such need is not foreseeable, an employer may require an employee to provide notice of the need for the use of earned paid sick time as soon as practicable.

4. An employer that requires notice of the need to use earned paid sick time where the need is not foreseeable shall provide a written policy that contains procedures for the employee to provide notice. An employer that has not provided to the employee a copy of its written policy for providing such notice shall not deny earned paid sick time to the employee based on non-compliance with such a policy.

5. An employer may not require, as a condition of an employee's taking earned paid sick time, that the employee search for or find a replacement worker to cover the hours during which the employee is using earned paid sick time.

6. Earned paid sick time may be used in the smaller of hourly increments or the smallest increment that the employer's payroll system uses to account for absences or use of other time.

7. For earned paid sick time of three or more consecutive work days, an employer may require reasonable documentation that the earned paid sick time has been used for a purpose covered by subsection (1) of this section. Documentation signed by a heath care professional indicating that earned paid sick time is necessary shall be considered reasonable documentation for purposes of this section. An employer may not require that the documentation explain the nature of the illness unless otherwise required by law.

285.609. 1. It shall be unlawful for an employer or any other person to interfere with, restrain, or deny the exercise of, or the attempt to exercise, any right protected under sections 285.600 through 285.642.

2. An employer shall not take retaliatory personnel action or discriminate against an employee or former employee because he or she has exercised rights protected under sections 285.600 through 285.642. Such rights include, but are not limited to, the right to request or use earned paid sick time pursuant to sections 285.600 through 285.642; the right to file a complaint or inform any person about any employer's alleged violation of sections 285.600 through 285.642; the right to participate in an investigation, hearing, or proceeding or cooperate with or assist the Department in any investigations of alleged violations of sections 285.600 through 285.642; and the right to inform any person of his or her potential rights under sections 285.600 through 285.642.

3. It shall be unlawful for an employer's absence control policy to count earned paid sick time taken under sections 285.600 through 285.642 as an absence that may lead to or result in discipline, discharge, demotion, suspension, or any other adverse action.

4. Protections of this section shall apply to any individual who mistakenly but in good faith alleges violations of sections 285.600 through 285.642.

285.612. 1. Employers shall give employees written notice of the following at the commencement of employment or by ninety days after this law goes into effect, whichever is later: employees are entitled to earned paid sick time and the amount of earned paid sick time, the terms of its use guaranteed under sections 285.600 through 285.642, that retaliatory personnel action against employees who request or use earned paid sick time is prohibited, that each employee has the right to bring a civil action if earned paid sick time as required by sections 285.600 through 285.642 is denied by the employer or the employee is subjected to retaliatory personnel action for requesting or taking earned paid sick time, and, if applicable, the contact information for the Department where questions about rights and responsibilities under sections 285.600 through 285.642 may be answered.

2. Employers shall display a poster that contains the information required in subsection (1) of this section in a conspicuous and accessible place in each establishment where such employees are employed, provided that such poster has been provided by the Department.

3. The Department may create and make available to employers, model notices and posters that contain the information required under subsection (1) of this section for employers' use in complying with subsections (1)

and (2) of this section. Nothing in this subsection shall be interpreted or applied, either expressly or through practical necessity, to require the Department to create or make available notices or posters if it requires the appropriation of funds to cover the costs of such acts.

285.615. 1. Employers shall retain records documenting hours worked by employees and earned paid sick time taken by employees, for a period of not less than three years, and shall allow the Department access to such records, with appropriate notice and at a mutually agreeable time, to monitor compliance with the requirements of sections 285.600 through 285.642.

2. To the extent permitted by law, the Director may inspect such records, and the records shall be open for inspection by the Director by appointment. Where the records required under this section are kept outside the state, the records shall be made available to the Director upon demand. Every such employer shall furnish to the Director on demand a sworn statement of time records and information upon forms prescribed or approved by the Director. All the records and information obtained by the Department are confidential and shall be disclosed only on order of a court of competent jurisdiction.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department or Director to access or inspect records or to create forms relating to the inspection of records if it requires the appropriation of funds to cover the costs of such acts.

285.618. 1. The Department may, in accordance with chapter 536, promulgate rules to implement the provisions of sections 285.600 through 285.642. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2018, shall be invalid and void.

2. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the promulgation or adoption of rules if it requires the appropriation of funds to cover the costs of such acts.

285.621. 1. To the extent permitted by law, the Department may investigate and ascertain compliance with sections 285.600 through 285.642, establish and implement a system to receive complaints regarding non-compliance with sections 285.600 through 285.642 and to investigate and attempt to resolve complaints through mediation between the complainant and the subject of the complaint, and establish additional means of enforcement to the extent permitted by the law.

2. The Department may develop and implement an outreach program to inform employees, parents, and persons who are under the care of a health care provider about the availability of earned paid sick time under sections 285.600 through 285.642. This program may include the distribution of notices and other written materials to child care and elder care providers, domestic violence shelters, schools, hospitals, community health centers and other health care providers in Missouri.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department to conduct investigations and ascertain compliance with sections 285.600 through 285.642, to establish and implement a system to receive or resolve complaints, to establish additional means of enforcement, or to conduct outreach and education, including the creation of notices and other written materials, concerning sections 285.600 through 285.642, if it requires the appropriation of funds to cover the costs of such acts.

285.624. 1. To the extent permitted by law, any employer who violates or fails to comply with any of the provisions and requirements of sections 285.600 through 285.642 shall be guilty of a class C misdemeanor and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for violation of a class C misdemeanor; provided, however, that an employer who willfully violates the notice and posting requirements of section 285.612 shall be guilty of an infraction and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for an infraction.

2. For purposes of this section, each day of violation or failure to comply and each employee affected shall constitute a separate offense.

285.627. 1. Any individual who claims to have been aggrieved by a failure of an employer to comply with any portion of sections 285.600 through 285.642, including but not limited to the failure to provide earned paid sick time or to allow employees to use such time consistent with sections 285.600 through 285.642, or who claims to have suffered a retaliatory personnel action, shall have a right of action and may commence a civil action in the appropriate court of jurisdiction within three years of the accrual of the cause of action, to obtain appropriate relief with respect to such unlawful violation.

2. In a civil action under this section, if the court finds a violation has occurred, the court may grant as relief, as it deems appropriate and to the extent permitted by law, any permanent or temporary injunction, the full amount of any unpaid earned sick time plus any actual damages suffered as the result of the employer's violation of sections 285.600 through 285.642, an additional amount equal to twice any unpaid earned sick time as liquidated damages, costs, and reasonable attorney's fees as may be allowed by the court, and other legal or equitable relief as may be appropriate to remedy the violation, including, without limitation, reinstatement to

employment and back pay. Any agreement between the employee and the employer to waive the protections of sections 285.600 through 285.642 shall be no defense to the action.

285.630. 1. Except as otherwise required by law, an employer may not require disclosure of details relating to an employee's or an employee's family member's health information as a condition of providing earned paid sick time under sections 285.600 through 285.642.

2. Unless as otherwise required by law, any health information possessed by an employer regarding an employee or employee's family member must:

(A) be maintained on a separate form and in a separate file from other personnel information;

(B) be treated as confidential medical records; and

(C) not be disclosed except to the affected employee or with the express written permission of the affected employee.

285.633. 1. With respect to employees covered by a valid collective bargaining agreement in effect on the effective date of sections 285.600 through 285.642, no provisions of sections 285.600 through 285.642 shall apply until the stated expiration date in the collective bargaining agreement.

2. Nothing in sections 285.600 through 285.642 shall be deemed to interfere, impede, or otherwise diminish the right of employees to bargain collectively through representatives of their own choosing.

285.636. 1. Nothing in sections 285.600 through 285.642 shall be construed to discourage or prohibit an employer from the adoption or retention of an earned paid sick time policy more generous than the one required herein.

2. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the obligation of an employer to comply with any contract, collective bargaining agreement, employment benefit plan, or other agreement providing more generous paid sick time to an employee than required herein. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the rights of public employees regarding paid sick time or use of paid sick time as provided in the laws of Missouri pertaining to public employees.

285.639. 1. Sections 285.600 through 285.642 provide minimum requirements pertaining to earned paid sick time and shall not be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, requirement, policy, or standard that provides for greater accrual or use by employees of earned paid sick time or that extends other protections to employees.

2. Nothing in sections 285.600 through 285.642 shall be interpreted or applied to create a power or obligation contrary to any federal law, rule, or regulation.

285.642. Except as detailed in section 285.618, all of the provisions of sections 285.600 through 285.642 are severable, and if any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 285.600 through 285.642 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application, and to this end the provisions of sections 285.600 through 285.642 are declared severable.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-033)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 285 of the Revised Statutes of Missouri. (Received November 17, 2016)

Date

December 7, 2016

Description

This proposal would amend Chapter 285 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Lottery,** the **Public Service Commission,** the **State Tax Commission,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Veterans Commission,** the **Missouri Ethics Commission,** the **Missouri Office of Prosecution Services,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St.**

Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** the **Lieutenant Governor's office,** the **Children's Trust Fund,** the **Missouri Joint Municipal Electric Utility Commission,** the **State Auditor's office, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and Missouri Jobs with Justice Voter Action provided information as proponents of the proposal to the State Auditor's office.

Officials from the **Attorney General's office** indicated various provisions of the proposal authorize their department to promulgate rules, establish mediation procedures "and additional means of enforcement… ." They assume that their office may provide some review of proposals, but assume that any potential costs arising from this proposal can be absorbed with existing resources. They may seek additional appropriations if there is an increased review of rules in later years.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will be deferring to the Office of Administration and the Department of Labor and Industrial Relations regarding any fiscal impact this initiative petition might have.

Officials from the **Department of Higher Education** indicated the state, including departments, are exempt from the definition of "employer," so this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated there is no fiscal impact to their department as a result of this initiative petition. Section 285.600 (5) indicates "for the purposes of sections 285.600 through 285.642 "employer" does not include the United States Government, the state, …., including a department, agency, …."

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated they expect no change in revenues or expenses in fiscal years 2017, 2018, and 2019.

The petition, if passed by voters, would require businesses with 15 or more employees to provide paid sick time. It also would allow their department to educate employers, take complaints, and perform investigations of violations of the new law.

The long-range fiscal implications are the same as those of the estimate period.

Under the new language, they may educate employers and employees, promulgate rules, take complaints, and conduct investigations of alleged violations of the new provisions. They believe the education, registration of complaints, and investigations would be conducted in a manner similar to those conducted under the Minimum Wage program. Using employer information from the United States Census Bureau for employers with more than ten employees, they estimate that it would receive complaints from 1.5% of the estimated 40,886 businesses with 10 or more employees, or 613 complaints annually. (The Census Bureau does not break employers at the 15 or more level.) To investigate these 613 complaints, they would require 3.50 Wage & Hour Investigator I/IIs. In FY 2016, 578 complaints were closed by 3.50 Investigators, averaging 165 per FTE. Using this calculation, they estimate it would need 3.50 FTE and the standard per FTE expenses and equipment to complete these activities.

However, Sections 285.612, 285.615, 285.618, and 285.621 expressly state that they are not required to take on the new duties it is authorized to perform under this proposal if doing so will require an appropriation to cover the costs of performing the duties. Because these duties are optional and are not required of their department, if there is no appropriation made to cover the cost, they estimate no mandated fiscal impact for this proposal.

Officials from the **Department of Revenue** indicated they defer this fiscal note to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they will defer to the Office of Administration response to this petition.

Officials from the **Department of Social Services** indicated they will defer to the Office of Administration response to this petition. They indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no fiscal impact to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated:

This initiative petition adds 15 new sections to Chapter 285 related to sick leave.

Under this proposal, employers would be required to provide paid sick leave to employees. The amount would be dependent upon the number of employees. It does not include employees covered under a valid collective bargaining agreement and it provides employees with an avenue of recourse if the employee claims to be aggrieved.

The State of Missouri is excluded from the provisions of this proposal, therefore there would be no statewide impact related to this proposal other than potentially higher costs for services purchased by the state. However, the Department of Labor and Industrial Relations (DOLIR) will be impacted. Budget and Planning defers to the DOLIR for the specific impact to that agency.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office, as they are an independent department within state government and by definition state employees are exempt from this proposed legislation.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated there is no impact on their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted because cities are not employers. An indirect cost to cities may arise through increased labor costs of those vendors contracting with the city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition could have a fiscal impact on local government.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined that for benefit eligible employees (defined as working .75 or >) that it does not appear that the proposed legislation as written would create a significant fiscal impact to their university.

Officials from the **Missouri Lottery** indicated no fiscal impact to their agency.

Officials from the **Public Service Commission** indicated no fiscal impact on their agency.

Officials from the **State Tax Commission** indicated this initiative petition pertaining to sick leave in Chapter 285 does not directly impact their office. As a state agency this matter is under the direction of Office of Administration, Division of Personnel.

Officials from the **Missouri Veterans Commission** indicated no fiscal impact to their agency.

Officials from the **Missouri Office of Prosecution Services** indicated no measurable fiscal impact to their office.

Officials from the **Kansas City Boards of Election Commissioners** indicated there is no fiscal impact with amendments to Chapter 285, Versions 1 -12, since the State is not responsible for costs associated with the November 2018 election.

Officials from the **Platte County Board of Elections** indicated the proposed initiative would have no fiscal impact on their office.

Officials from the **Jackson County Election Board** indicated no fiscal impact on their office.

Officials from the **Lieutenant Governor's office** indicated it is anticipated that this initiative petition will impose little to no costs or savings on their office.

Officials from the **Children's Trust Fund** indicated they are part of the Office of Administration and thus will be covered by the Office of Administration's official response. They will not be responding separately.

Officials from the **Missouri Joint Municipal Electric Utility Commission** indicated:

The Missouri Association of Municipal Utilities represents approximately 120 cities in Missouri providing utility services to their customer/owners. They do not represent cities in their general business operation. That representation is undertaken by the Missouri Municipal League and its executive director Dan Ross.

Based on a review of each of the 12 versions it appears that there would be no direct cost to any of their cities since the framers of the amendment specifically excluded cities from the definition of employers and city employees from coverage of the proposed changes.

However, it is possible that cities may experience some increases in the cost of goods and services consumed in the regular course of business as a result of higher labor input costs. It is impossible to accurately predict those increases other than to make you aware of the potential.

Officials from the **State Auditor's office** indicated there is no fiscal impact for their office.

Officials from **University of Central Missouri** indicated if they are included in the definition of "employer" that would be impacted by this legislation, they would have an additional cost of roughly $340,000. In fiscal year 2016, part-time employees worked nearly 679,000 hours. If each 30 hours resulted in one sick time hour, that would be 22,634 hours. At an average rate of $15/hour, that would have a fiscal impact of $340,000.

If the definition of employer is interpreted to exclude UCM because of its status as a state agency, then there would be no fiscal impact.

Officials from **Missouri State University** indicated no fiscal impact on their university.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Lara Granich and Missouri Jobs with Justice Voter Action provided the following information as proponents of this initiative petition.

November 28, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Earned Sick Time Petitions
Petitions numbered by MO SOS at 2018-28 to 2018-39

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Earned Sick Time Petitions.

This analysis uses data collected by the U.S. Bureau of Labor Statistics, the Centers for Disease Control and Prevention, and the U.S. Census Bureau to evaluate the impact of earned sick time laws in Missouri. This analysis uses findings from previous peer-reviewed research to estimate cost-savings associated with the proposed policies through reduced turnover, reduced spread of contagious disease in the workplace, prevention of productivity losses from employees working while sick, minimized nursing-home stays, and reduced norovirus outbreaks in nursing homes. We also address certain claims that have been made by opponents in the past.

I. Estimate of Number of Workers Affected Statewide

According to the Institute for Women's Policy Research, an estimated 1,002,116 private sector workers in Missouri, or 45.9 percent of the workforce, cannot earn a single paid sick day to use to recover from common illnesses or seek medical care.[1]

II. Direct Costs to State

As these proposed initiatives exclude public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Enforcement would be handled by existing staff at the Department of Labor.

III. Economic Literature on the Impact of Earned Sick Time on Businesses

This analysis quantifies only a subset of potential benefits, predicting a net economic benefit from both of the proposed laws. Likely additional benefits from paid sick days not quantified in this analysis include: reduced health care spending due to reduced public contagion and more timely and regular preventive care and treatment; improved economic security among families who receive pay on sick days and are less likely to be fired or disciplined for taking sick time; and improved school outcomes and reduced contagion in schools, when parents can avoid sending sick children to school or child care.

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country. There is no evidence of business closures/layoffs as a result of earned sick time laws. Both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed. In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates. 2

The Washington D.C. Auditor reported "that the Accrued Sick and Safe Leave Act did not have the economic impact of encouraging business owners to move a business from the District nor did the Act have the economic impact of discouraging business owners to locate a business in the District of Columbia."3 New York City reported that "New York City's economy has thrived since the enactment of PSL [paid sick leave]. Between January 2014 and January 2015, a period that covers the law's implementation, economic indicators were a cause for celebration, not concern as many had predicted." 4

[1] 1 Institute for Women's Policy Research & National Partnership for Women & Families. (2015, May). Workers' Access to Paid Sick Days in the States. Table 2. Retrieved 8 July 2015, from http://www.nationalpartnership.org/research-library/work-family/psd/workers-access-to-paid-sick-days-in-the-states.pdf

[2] http://iwpr.org/publications/pubs/paid-sick-days-benefit-employers-workers-and-the-economy

[3] http://www.dcauditor.org/reports/audit-accrued-sick-and-safe-leave-act-2008

[4] http://www1.nyc.gov/assets/dca/downloads/pdf/about/PaidSickLeaveLaw-FirstYearMilestones.pdf

Summary of Benefits Associated With Missouri's Proposed Earned Sick Time Law

Benefits	Firms with <50 Employees			Firms with 50+ Employees		
	Dollars	Average per-worker savings		Dollars	Average per-worker costs/savings	
BENEFITS						
Lower Turnover	$32,718,875			$146,675,016		
Reduced Flu Contagion in the Workplace	$1,334,044			$5,980,370		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Employers' Savings	**$34,052,920**	**$6.97**	**$0.21**	**$152,655,386**	**$9.44**	**$0.26**
Reduced Short-Term Nursing Home Stays	$2,415,006			$8,165,162		
Reduced Norovirus in Nursing Homes	$21,692			$93,129		
Reduced Flu Contagion	$233,249			$771,691		
Reduced Emergency Department Visits	$3,512,104			$11,619,581		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Community Savings	**$6,182,052**	**$1.26**	**$0.04**	**$20,649,564**	**$1.28**	**$0.03**

Note: "Small" firms are defined in the proposed laws at firms employing fewer than 15 employees and "Large" firms are defined as firms employing 15 or more employees.

Source: Institute for Women's Policy Research Analysis of the 2014 American Community Survey (ACS), the 2016 National Compensation Survey (NCS), the 2013-2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2010 Current Population Survey Displaced Worker, Employee Tenure, and Occupational Mobility Supplement File, and the 2014-2015 National Health Interview Survey (NHIS).

Note on Methodology

The estimates are based on analyses of the following data sets: the 2013–2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2014-2015 National Health Interview Survey (NHIS), the 2014 American Community Survey (ACS), the 2016 National Compensation Survey and the 2014 Medical Expenditure Panel Survey along with findings from previous peer-reviewed research.

This analysis was limited to only private sector workers as the proposed legislation only covers such workers. The proposed legislation does include some small exemptions for certain employees which this analysis does not account for. Excluding such workers would result in minor reductions in both the costs and benefits estimated, but general trends would remain the same. To learn more about the methodology and sources please see "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days"[5]

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,
Lara Granich
Missouri Jobs with Justice Voter Action

[5] Williams, Claudia. 2013. "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days." IWPR Publication No. B311. Washington, DC: Institute for Women's Policy Research.

INSTITUTE FOR WOMEN'S POLICY RESEARCH

Briefing Paper

www.iwpr.org

IWPR #B361 July 2016

Paid Sick Days Benefit Employers, Workers, and the Economy

Jessica Milli, PhD., Jenny Xia, and Jisun Min

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country.[1] Yet millions more still would not be paid if they need to stay at home when they are sick or need to care for a family member who is ill. As of 2014, 51 million workers lacked access to paid sick days.[2]

Research has documented many benefits of paid sick days policies for workers, businesses, and communities as a whole. These benefits would multiply substantially if more workers gained access to paid sick days. This briefing paper summarizes research on the benefits of paid sick days and the effects of paid sick days policies in places that have them.

Employers Benefit from Paid Sick Days

- **Reduced contagion in the workplace:** A 2010 survey conducted by the National Opinion Research Center found that employees without access to paid sick days are 1.5 times more likely than those with access to go to work with a contagious illness (55 percent compared with 37 percent).[3] Such "presenteeism" has serious public health consequences including flu contagion. A 2010 analysis of labor force and Centers for Disease Control data estimated that more than one in four private sector employees worked while ill with H1N1 during the 2009 H1N1 pandemic, resulting in the estimated infection of 7 million co-workers with H1N1. Work absences from illness dropped more precipitously among public sector workers than among private sector workers during the decline of the pandemic. Because employees in the public sector have greater access to paid sick days, the finding suggests that paid sick days played a role in slowing contagion and potentially in speeding recovery.[4] A 2013 study employed a model simulating influenza contagion to estimate reductions in contagion rates under a universal paid sick days policy. Using data from the American Community Survey, LandScan USA, and the U.S. Census, the study estimated that providing paid sick days would reduce workplace influenza infection in the United States by about 6 percent.[5]

- **Improved productivity:** When workers come to work sick, their productivity and performance suffer. Estimates of productivity losses vary across studies. A 1997 study polling 332 workers who had influenza-like illnesses found that workers on average reported being 46 percent less effective while ill at work.[6] A 2003 study based on interviews with more than 28,000 workers reported that on average, workers lose 1.32 hours per week of productive time due to personal health related reasons.[7] Since workers

with access to paid sick days are less likely to come to work sick and infect their co-workers,[8] paid sick days can prevent further productivity losses resulting from illness and contagion in the workplace.

- **Decreased workplace injuries:** Working while sick also puts employees at greater risk of injury on the job. A 2012 study using the 2005 through 2008 National Health Interview Survey (NHIS) found that after controlling for factors like survey year, occupational sector, firm size, region, and the availability of paid sick leave, workers with access to paid sick days are 28 percent less likely to be injured on the job than workers without this benefit.[9]

- **Decreased employee turnover:** A 2012 analysis of data collected between 2004 and 2006 through the Medical Expenditure Panel Survey (MEPS) finds that the likelihood of job separation decreases by about 25 percent when a worker has access to paid sick days, even after controlling for potential confounding factors such as workers' educational attainment, earnings, and race/ethnicity.[10] As employee turnover typically costs an employer between 10 and 30 percent of an employee's annual salary,[11] a reduction in turnover can result in significant reductions in employer costs.

Paid Sick Days Improve Public Health

- **Increased use of preventive care:** Since paid sick days can be used for doctor visits, workers with paid sick days are more likely to seek preventive care and to be screened for diseases such as cancer, which can lead to early detection and treatment. A 2012 study using 2008 National Health Interview Survey (NHIS) data finds that after controlling for sociodemographic and health-care-related factors, workers with paid sick days are significantly more likely to have had mammograms, Pap tests, and endoscopy, and to have seen a doctor during the previous year than those without the benefit.[12]

- **More timely treatment for illnesses:** Workers without paid sick days are more likely to delay medical care when they or a family member is ill which can lead to a more serious or prolonged illness.[13]A 2016 analysis of the 2013 NHIS—which controlled for demographic and health-related factors like race and ethnicity, occupation, annual family income, and health insurance coverage—indicates that workers without paid sick leave are three times more likely to forgo medical care for themselves, and 1.6 times more likely to forgo medical care for their families, compared with workers who have the benefit.[14] A 2011 analysis of the NHIS found that when they do seek care, workers without paid sick days—regardless of their educational attainment, income, race/ethnicity and other demographic characteristics—are more likely to use an emergency department for care.[15]

- **Improved family health:** Paid sick days may encourage workers to respond to their children's and family members' health needs in a timely manner, thereby improving overall health outcomes for their families. Paid sick days are a primary factor affecting whether a working parent will stay at home with a sick child rather than sending them to school or child care sick. The 2010 National Opinion Research Center Survey found that

28 percent of workers without paid sick days reported sending a sick child to school or child care, compared with 14 percent of workers with paid sick days.[16] A 2012 study analyzing the 2008 National Study of the Changing Workforce (NSCW) and controlling for worker and job characteristics finds that having paid sick days is associated with reduced work-family conflict, which lessens difficulties parents face in taking time off from work to care for a sick child.[17]

Paid Sick Days Bring Economic Benefits for Workers, Families, and Communities

- **Improved employment and earnings stability:** When incomes are not interrupted by unpaid leave, families experience greater financial stability and economic well-being. According to a 2010 poll, 16 percent of workers surveyed reported losing a job for missing work when they were sick or to care for an ill family member.[18] Research has shown that having paid sick days reduces the likelihood of a job separation by at least 25 percent.[19]

- **Improved labor force attachment among caregivers:** Informal caregivers whose work schedules are incompatible with the care needs of their family members may decrease their work hours or even leave the labor force completely.[20] One 2011 Gallup poll found that most caregivers, including parents, reported missing at least one full day of work to fulfill their caregiving duties with an average of 6.6 workdays missed per year.[21] Paid sick days, however, may provide sufficient leave to caregivers to allow them to maintain their desired level of employment while continuing to perform their caregiving work.

- **Savings from reduced utilization of hospital emergency departments and a lower monetary burden on taxpayers:** A 2011 study using the 2008 and 2009 NHIS finds that the annual number of emergency department visits per worker without paid sick days is greater than it is for those with the benefit. Using MEPS data on the cost of emergency department visits, the study estimates that a lack of paid sick days resulted in an estimated 1.3 million preventable emergency department visits every year in the United States in 2008, costing $1.1 billion more than office visits would have. Part of these costs—$500 million—were paid by public insurance programs such as Medicaid.[22]

Research Finds Benefits of Existing Paid Sick Days Laws and Minimal Costs to Employers

Since the implementation of the first paid sick days law in 2007, several studies have evaluated the impacts of the legislation, with a particular emphasis on the effects on employers. These evaluations have largely found that the overall impact on businesses was minimal. Many firms saw benefits from the policy and counted themselves as supporters after implementing it.

- **Minimal costs:** Costs to employers of providing paid sick days have been modest. In Seattle, evaluations found that the cost of providing paid sick leave in 2013 was only

about 0.4 percent of total firm revenue for the year.[23] In Connecticut, nearly half of 228 employers surveyed in 2013, a year and a half after the state's paid sick days law's implementation, reported having no increased overall cost, and 19.1 percent of employers reported an increased cost of less than 2 percent.[24] In San Francisco, the paid sick leave ordinance created additional costs for a relatively small share of employers. Six out of seven employers reported no adverse effects on profitability.[25]

- **Ease of implementation:** Research shows that paid sick days have minimal effect on business operations. Most San Francisco employers reported that implementing the Paid Sick Leave Ordinance was not difficult.[26] Likewise, about two thirds of Seattle employers reported that implementing the Paid Sick and Safe Time Ordinance was not very difficult, and 70 percent expressed support for the policy a year after implementation of the Ordinance.[27] Similarly, a large majority of Connecticut employers surveyed in 2013 indicated that the Paid Sick Leave Law did not burden business operations.[28]

- **Employees use paid sick days judiciously:** Several years after the implementation of San Francisco's paid sick days law, an IWPR survey of 1,194 workers found that employees in San Francisco used fewer than half of the sick days available under the paid sick leave ordinance.[29] Using data from the 2014 NHIS, IWPR found that most workers who do have access to paid sick days do not use any in a given year.[30] In regions that have passed paid sick day laws, surveys suggest that abuse of paid sick days is rare. Among 228 Connecticut employers surveyed by the Center for Economic and Policy Research, 86 percent reported no known cases of abuse more than a year after paid sick days was implemented.[31] A report published by the City of Seattle auditor finds that more than nine in ten Seattle employers surveyed in 2012 had never reprimanded an employee for abusing paid sick days.[32]

- **Sustained job growth and employment:** In contrast to messaging communicated by big business lobbyists prior to the laws' passage, both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed.[33] In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates.[34]

- **Improved employee morale, motivation, loyalty, and productivity**: Over a quarter of Connecticut employers reported improved morale, 12.5 percent reported increased employee motivation, 10.6 percent reported increased loyalty, and 14.9 percent reported increased productivity after implementation of the state's paid sick days law.[35]

- **Improved work life balance for employees:** A 2010 IWPR survey found that one out of four San Francisco employees reported that paid sick days enabled them to better care for their own and their families' health needs. In addition, nearly 30 percent reported that their employers were more supportive when they needed to use their leave than they were

prior to the law's passage. More than half of all San Francisco workers reported at least one benefit as a result of the ordinance.[36]

- **Reduced flu contagion in locations with paid sick day laws:** One recent study used Google Flu data from 2003 to 2015 to show that influenza-like infection rates decrease significantly when workers gain access to paid sick days. By comparing the rates of influenza-like illnesses in regions with paid sick days policies—including the District of Columbia, Connecticut, California, Massachusetts, and Oregon—with those lacking such laws, the study finds that infection rates decrease by about 10 percent when employees without coverage obtain paid sick days.[37]

Conclusion

Literature spanning the fields of public health, economics, sociology, medicine, social work, and public policy converge to reflect the health, employment, and economic benefits of paid sick days. Research suggests that more widespread implementation of paid sick days policies would have a substantial positive impact on the well-being of children, families, and communities across the United States.

Notes

[1] For a complete list of paid sick days laws and their provisions, see: A Better Balance, "Overview of Paid Sick Time Laws in the United States," <http://www.abetterbalance.org/web/images/stories/Documents/sickdays/factsheet/PSDchart.pdf> (accessed May 4, 2016).
[2] Jenny Xia, Jeffrey Hayes, Barbara Gault, and Hailey Nguyen, "Paid Sick Days Access and Usage Rates Vary by Race/Ethnicity, Occupation, and Earnings," Institute for Women's Policy Research (February 2016) <http://iwpr.org/publications/pubs/paid-sick-days-access-and-usage-rates-vary-by-race-ethnicity-occupation-and-earnings> (accessed March 18, 2016).
[3] Tom W. Smith and Jibum Kim, "Paid Sick Days: Attitudes and Experiences," Public Welfare Foundation (June 2010) <http://www.nationalpartnership.org/research-library/work-family/psd/paid-sick-days-attitudes-and-experiences.pdf> (accessed January 12, 2016).
[4] Robert Drago and Kevin Miller, "Sick at Work: Infected Employees in the Workplace During the H1N1 Pandemic," Institute for Women's Policy Research (January 2010) <http://iwpr.org/publications/pubs/sick-at-work-infected-employees-in-the-workplace-during-the-h1n1-pandemic > (accessed March 18, 2016).
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Funding for this briefing paper was provided by the Ford Foundation and the Annie E. Casey Foundation.

For more information on IWPR reports or membership, please call (202) 785-5100, e-mail iwpr@iwpr.org, or visit www.iwpr.org.

The Institute for Women's Policy Research (IWPR) conducts rigorous research and disseminates its findings to address the needs of women, promote public dialogue, and strengthen families, communities, and societies. The Institute works with policymakers, scholars, and public interest groups to design, execute, and disseminate research that illuminates economic and social policy issues affecting women and their families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR's work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations and corporations. IWPR is a 501(c)(3) tax-exempt organization that also works in affiliation with the women's studies, and public policy and public administration programs at The George Washington University.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Ethics Commission,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Clay County Board of Election Commissioners, Harris-Stowe State University, Lincoln University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local governments expect no direct costs from this proposal, but indicated unknown higher costs for goods and services may result. Any change in tax revenue for state and local governments is unknown.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

November 17, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
NOV 17 2016
STATE AUDITORS OFFICE

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 285, version 5 (2018-032)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 16, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 16 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

Section 285.055 of the Revised Statutes of Missouri is amended and fifteen new sections to be known as sections 285.600, 285.603, 285.606, 285.609, 285.612, 285.615, 285.618, 285.621, 285.624, 285.627, 285.630, 285.633, 285.636, 285.639, and 285.642 are enacted to read as follows:

285.055. 1. As used in this section, the following terms shall mean:

(1) "Employee", an individual employed in this state by an employer;

(2) "Employer", any individual, sole proprietorship, partnership, limited liability company, corporation, or any other entity that is legally doing business in this state; provided, however, that employer shall not include any public employer as defined in section 285.525;

(3) "Employment benefits", anything of value that an employee may receive from an employer in addition to wages and salary. The term includes, but is not limited to, health, disability, retirement, profit-sharing, and death benefits; group accidental death and dismemberment benefits; paid or unpaid days off from work for holidays, [sick leave,] vacation, and personal necessity; and terms of employment, attendance, or leave policies; provided, however, that for purposes of this section, "employment benefits" does not include paid or unpaid days off from work for sick leave that can be used for the purposes listed in subsection (1) of section 285.606.

(4) "Political subdivision", any county, city, town, or village.

2. No political subdivision shall establish, mandate, or otherwise require an employer to provide to an employee:

(1) A minimum or living wage rate; or

(2) Employment benefits;

that exceed the requirements of federal or state laws, rules, or regulations. The provisions of this subsection shall not preempt any state law or local minimum wage ordinance requirements in effect on August 28, 2015.

285.600. As used in sections 285.600 through 285.642:

(1) "Construction", includes construction, reconstruction, improvement, enlargement, alteration, painting and decorating, or major repair.

(2) "Construction industry", includes any employer whose employees conduct or perform construction as a principal component of the employer's business or enterprise.

(3) "Department", Department of Labor and Industrial Relations.

(4) "Director", Director of the Department of Labor and Industrial Relations.

(5) "Earned paid sick time", time that is compensated at the same hourly rate and with the same benefits, including health care benefits, as the employee normally earns during hours worked and is provided by an employer to an employee for the purposes described in section 285.606, but in no case shall this hourly amount be less than that provided under section 290.502.

(6) "Employee", any individual employed in this state by an employer, but does not include:

(A) Any individual engaged in the activities of an educational, charitable, religious, or nonprofit organization where the employer-employee relationship does not, in fact, exist or where the services rendered to the organization are on a voluntary basis;

(B) Any individual standing in loco parentis to foster children in their care;

(C) Any individual employed for less than four months in any year in a resident or day camp for children or youth, or any individual employed by an educational conference center operated by an educational, charitable or not-for-profit organization;

(D) Any individual engaged in the activities of an educational organization where employment by the organization is in lieu of the requirement that the individual pay the cost of tuition, housing or other educational fees of the organization or where earnings of the individual employed by the organization are credited toward the payment of the cost of tuition, housing or other educational fees of the organization;

(E) Any individual employed on or about a private residence on an occasional basis for six hours or less on each occasion;

(F) Any individual employed on a casual basis to provide baby-sitting services;

(G) Any individual employed by an employer subject to the provisions of part A of subtitle IV of title 49, United States Code, 49 U.S.C. §§ 10101 et seq.;

(H) Any individual employed on a casual or intermittent basis as a golf caddy, newsboy, or in a similar occupation;

(I) Any individual who is employed in any government position defined in 29 U.S.C. §§ 203(e)(2)(C)(i)-(ii);

(J) Any individual who is an offender, as defined in section 217.010, who is incarcerated in any correctional facility operated by the department of corrections, including offenders who provide labor or services on the grounds of such correctional facility pursuant to section 217.550; or

(K) Any individual engaged in construction work in the construction industry.

(7) "Employer", any person acting directly or indirectly in the interest of an employer in relation to an employee; provided, however, that for the purposes of sections 285.600 through 285.642, "employer" does not include the United States Government, the state, or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state.

(8) "Family member", any of the following individuals:

(A) Regardless of age, a biological, adopted or foster child, stepchild or legal ward, a child of a domestic partner, a child to whom the employee stands in loco parentis, or an individual to whom the employee stood in loco parentis when the individual was a minor;

(B) A biological, foster, stepparent or adoptive parent or legal guardian of an employee or an employee's spouse or domestic partner or an individual who stood in loco parentis when the employee or employee's spouse or domestic partner was a minor child;

(C) An individual to whom the employee is legally married under the laws of any state, or a domestic partner who is registered as such under the laws of a political subdivision;

(D) A grandparent, grandchild, or sibling (whether of a biological, foster, adoptive or step relationship) of the employee or the employee's spouse or domestic partner; or

(E) A member of the employee's household.

(9) "Health care professional," any individual licensed under Federal or State law to provide medical or emergency services, including but not limited to doctors, nurses, certified nurse midwives, and emergency room personnel.

(10) "Person", any individual, partnership, association, corporation, business, business trust, legal representative, or any organized group of persons.

(11) "Retaliatory personnel action", denial of any right guaranteed under sections 285.600 through 285.642, or any threat, discharge, suspension, demotion, reduction of hours, or any other adverse action against an employee for the exercise of any right guaranteed herein. "Retaliatory personnel action" shall also include interference with or punishment for in any manner participating in or assisting an investigation, proceeding, or hearing under sections 285.600 through 285.642.

(12) "Year", a regular and consecutive twelve-month period as determined by the employer; except that for the purposes of section 285.615 and section 285.627, "year" shall mean a calendar year.

285.603. 1. Employees of an employer with fifteen or more employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than forty hours of earned paid sick time per year, unless the employer selects a higher limit.

2. Employees of an employer with fewer than fifteen employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than twenty-four hours of earned paid sick time per year, unless the employer selects a higher limit.

3. In determining the number of employees performing work for an employer for compensation during a given week, all employees performing work for compensation on a full-time, part-time, or temporary basis shall be counted. In situations in which the number of employees who work for an employer for compensation per week fluctuates above and below fifteen employees per week over the course of the year, an employer is required to provide earned paid sick time pursuant to subsection (1) of this section if it maintained fifteen or more employees on the payroll for some portion of a day in each of twenty different calendar weeks, whether or not the weeks were consecutive, in either the current or the preceding year (irrespective of whether the same individuals were in employment in each day).

4. All employees shall accrue earned paid sick time as follows:

(A) Earned paid sick time as provided in this section shall begin to accrue at the commencement of employment or ninety days after this law goes into effect, whichever is later. An employer may provide all paid sick time that an employee is expected to accrue in a year at the beginning of the year.

(B) An employee may use earned paid sick time as it is accrued, except that an employer may require an employee hired more than ninety days after this law goes into effect to wait until the ninetieth calendar day after commencing employment before using accrued earned paid sick time, unless otherwise permitted by the employer.

(C) Employees who are exempt from overtime requirements under 29 U.S.C. § 213(a)(1) of the Federal Fair Labor Standards Act will be assumed to work forty hours in each work week for purposes of earned paid sick time accrual unless their normal work week is less than forty hours, in which case earned paid sick time accrues based upon that normal work week.

(D) Earned paid sick time shall be carried over to the following year, subject to the limitations on usage in subsections (1) and (2) of this section. Alternatively, in lieu of carryover of unused earned paid sick time from one year to the next, an employer may pay an employee for unused earned paid sick time at the end of a year and provide the employee with an amount of paid sick time that meets or exceeds the requirements of sections 285.600 through 285.642 that is available for the employee's immediate use at the beginning of the subsequent year.

(E) If an employee is transferred to a separate division, entity, or location, but remains employed by the same employer, the employee is entitled to all earned paid sick time accrued at the prior division, entity, or location and is entitled to use all earned paid sick time as provided in this section. When there is a separation

from employment and the employee is rehired within nine months of separation by the same employer, previously accrued earned paid sick time that had not been used shall be reinstated. Further, the employee shall be entitled to use accrued earned paid sick time and accrue additional earned paid sick time at the re-commencement of employment.

(F) When a different employer succeeds or takes the place of an existing employer, all employees of the original employer who remain employed by the successor employer are entitled to all earned paid sick time they accrued when employed by the original employer, and are entitled to use earned paid sick time previously accrued.

(G) At its discretion, an employer may loan earned paid sick time to an employee in advance of accrual by such employee.

5. Any employer with a paid leave policy, such as a paid time off policy, who makes available an amount of paid leave sufficient to meet the accrual requirements of this section that may be used for the same purposes and under the same conditions as earned paid sick time under sections 285.600 through 285.642 is not required to provide additional paid sick time.

6. Nothing in this section shall be construed as requiring financial or other reimbursement to an employee from an employer upon the employee's termination, resignation, retirement, or other separation from employment for accrued earned paid sick time that has not been used.

285.606. 1. Earned paid sick time shall be provided to an employee by an employer for:

(A) An employee's mental or physical illness, injury, or health condition; an employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; an employee's need for preventive medical care;

(B) Care of a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; care of a family member who needs preventive medical care; or

(C) Closure of the employee's place of business by order of a public official due to a public health emergency, or an employee's need to care for a child whose school or place of care has been closed by order of a public official due to a public health emergency, or care for oneself or a family member when it has been determined by the health authorities having jurisdiction or by a health care provider that the employee's or family member's presence in the community may jeopardize the health of others because of his or her exposure to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

2. Earned paid sick time shall be provided upon the request of an employee. Such request may be made orally, in writing, by electronic means or by any other means acceptable to the employer. When possible, the request shall include the expected duration of the absence.

3. When the use of earned paid sick time is foreseeable, the employee shall make a good faith effort to provide notice of the need for such time to the employer in advance of the use of the earned paid sick time and shall make a reasonable effort to schedule the use of earned paid sick time in a manner that does not unduly disrupt the operations of the employer. Where such need is not foreseeable, an employer may require an employee to provide notice of the need for the use of earned paid sick time as soon as practicable.

4. An employer that requires notice of the need to use earned paid sick time where the need is not foreseeable shall provide a written policy that contains procedures for the employee to provide notice. An employer that has not provided to the employee a copy of its written policy for providing such notice shall not deny earned paid sick time to the employee based on non-compliance with such a policy.

5. An employer may not require, as a condition of an employee's taking earned paid sick time, that the employee search for or find a replacement worker to cover the hours during which the employee is using earned paid sick time.

6. Earned paid sick time may be used in the smaller of hourly increments or the smallest increment that the employer's payroll system uses to account for absences or use of other time.

7. For earned paid sick time of three or more consecutive work days, an employer may require reasonable documentation that the earned paid sick time has been used for a purpose covered by subsection (1) of this section. Documentation signed by a heath care professional indicating that earned paid sick time is necessary shall be considered reasonable documentation for purposes of this section. An employer may not require that the documentation explain the nature of the illness unless otherwise required by law.

285.609. 1. It shall be unlawful for an employer or any other person to interfere with, restrain, or deny the exercise of, or the attempt to exercise, any right protected under sections 285.600 through 285.642.

2. An employer shall not take retaliatory personnel action or discriminate against an employee or former employee because he or she has exercised rights protected under sections 285.600 through 285.642. Such rights include, but are not limited to, the right to request or use earned paid sick time pursuant to sections 285.600 through 285.642; the right to file a complaint or inform any person about any employer's alleged violation of sections 285.600 through 285.642; the right to participate in an investigation, hearing, or proceeding or cooperate with or assist the Department in any investigations of alleged violations of sections 285.600 through 285.642; and the right to inform any person of his or her potential rights under sections 285.600 through 285.642.

3. It shall be unlawful for an employer's absence control policy to count earned paid sick time taken under sections 285.600 through 285.642 as an absence that may lead to or result in discipline, discharge, demotion, suspension, or any other adverse action.

4. Protections of this section shall apply to any individual who mistakenly but in good faith alleges violations of sections 285.600 through 285.642.

285.612. 1. Employers shall give employees written notice of the following at the commencement of employment or by ninety days after this law goes into effect, whichever is later: employees are entitled to earned paid sick time and the amount of earned paid sick time, the terms of its use guaranteed under sections 285.600 through 285.642, that retaliatory personnel action against employees who request or use earned paid sick time is prohibited, that each employee has the right to bring a civil action if earned paid sick time as required by sections 285.600 through 285.642 is denied by the employer or the employee is subjected to retaliatory personnel action for requesting or taking earned paid sick time, and, if applicable, the contact information for the Department where questions about rights and responsibilities under sections 285.600 through 285.642 may be answered.

2. Employers shall display a poster that contains the information required in subsection (1) of this section in a conspicuous and accessible place in each establishment where such employees are employed, provided that such poster has been provided by the Department.

3. The Department may create and make available to employers, model notices and posters that contain the information required under subsection (1) of this section for employers' use in complying with subsections (1) and (2) of this section. Nothing in this subsection shall be interpreted or applied, either expressly or through practical necessity, to require the Department to create or make available notices or posters if it requires the appropriation of funds to cover the costs of such acts.

285.615. 1. Employers shall retain records documenting hours worked by employees and earned paid sick time taken by employees, for a period of not less than three years, and shall allow the Department access to such records, with appropriate notice and at a mutually agreeable time, to monitor compliance with the requirements of sections 285.600 through 285.642.

2. To the extent permitted by law, the Director may inspect such records, and the records shall be open for inspection by the Director by appointment. Where the records required under this section are kept outside the state, the records shall be made available to the Director upon demand. Every such employer shall furnish to the Director on demand a sworn statement of time records and information upon forms prescribed or approved by the Director. All the records and information obtained by the Department are confidential and shall be disclosed only on order of a court of competent jurisdiction.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department or Director to access or inspect records or to create forms relating to the inspection of records if it requires the appropriation of funds to cover the costs of such acts.

285.618. 1. The Department may, in accordance with chapter 536, promulgate rules to implement the provisions of sections 285.600 through 285.642. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2018, shall be invalid and void.

2. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the promulgation or adoption of rules if it requires the appropriation of funds to cover the costs of such acts.

285.621. 1. To the extent permitted by law, the Department may investigate and ascertain compliance with sections 285.600 through 285.642, establish and implement a system to receive complaints regarding non-compliance with sections 285.600 through 285.642 and to investigate and attempt to resolve complaints through mediation between the complainant and the subject of the complaint, and establish additional means of enforcement to the extent permitted by the law.

2. The Department may develop and implement an outreach program to inform employees, parents, and persons who are under the care of a health care provider about the availability of earned paid sick time under sections 285.600 through 285.642. This program may include the distribution of notices and other written materials to child care and elder care providers, domestic violence shelters, schools, hospitals, community health centers and other health care providers in Missouri.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department to conduct investigations and ascertain compliance with sections 285.600 through 285.642, to establish and implement a system to receive or resolve complaints, to establish additional means of enforcement, or to conduct outreach and education, including the creation of notices and other written materials, concerning sections 285.600 through 285.642, if it requires the appropriation of funds to cover the costs of such acts.

285.624. 1. To the extent permitted by law, any employer who violates or fails to comply with any of the provisions and requirements of sections 285.600 through 285.642 shall be guilty of a class C misdemeanor and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for violation of a class C misdemeanor; provided, however, that an employer who willfully violates the notice and posting requirements of section 285.612 shall be guilty of an infraction and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for an infraction.

2. For purposes of this section, each day of violation or failure to comply and each employee affected shall constitute a separate offense.

285.627. 1. Any individual who claims to have been aggrieved by a failure of an employer to comply with any portion of sections 285.600 through 285.642, including but not limited to the failure to provide earned paid sick time or to allow employees to use such time consistent with sections 285.600 through 285.642, or who claims to have suffered a retaliatory personnel action, shall have a right of action and may commence a civil action in the appropriate court of jurisdiction within three years of the accrual of the cause of action, to obtain appropriate relief with respect to such unlawful violation.

2. In a civil action under this section, if the court finds a violation has occurred, the court may grant as relief, as it deems appropriate and to the extent permitted by law, any permanent or temporary injunction, the full amount of any unpaid earned sick time plus any actual damages suffered as the result of the employer's violation of sections 285.600 through 285.642, an additional amount equal to twice any unpaid earned sick time as liquidated damages, costs, and reasonable attorney's fees as may be allowed by the court, and other legal or equitable relief as may be appropriate to remedy the violation, including, without limitation, reinstatement to employment and back pay. Any agreement between the employee and the employer to waive the protections of sections 285.600 through 285.642 shall be no defense to the action.

285.630. 1. Except as otherwise required by law, an employer may not require disclosure of details relating to an employee's or an employee's family member's health information as a condition of providing earned paid sick time under sections 285.600 through 285.642.

2. Unless as otherwise required by law, any health information possessed by an employer regarding an employee or employee's family member must:

(A) be maintained on a separate form and in a separate file from other personnel information;

(B) be treated as confidential medical records; and

(C) not be disclosed except to the affected employee or with the express written permission of the affected employee.

285.633. 1. With respect to employees covered by a valid collective bargaining agreement in effect on the effective date of sections 285.600 through 285.642, no provisions of sections 285.600 through 285.642 shall apply until the stated expiration date in the collective bargaining agreement.

2. Nothing in sections 285.600 through 285.642 shall be deemed to interfere, impede, or otherwise diminish the right of employees to bargain collectively through representatives of their own choosing.

285.636. 1. Nothing in sections 285.600 through 285.642 shall be construed to discourage or prohibit an employer from the adoption or retention of an earned paid sick time policy more generous than the one required herein.

2. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the obligation of an employer to comply with any contract, collective bargaining agreement, employment benefit plan, or other agreement providing more generous paid sick time to an employee than required herein. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the rights of public employees regarding paid sick time or use of paid sick time as provided in the laws of Missouri pertaining to public employees.

285.639. 1. Sections 285.600 through 285.642 provide minimum requirements pertaining to earned paid sick time and shall not be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, requirement, policy, or standard that provides for greater accrual or use by employees of earned paid sick time or that extends other protections to employees.

2. Any county, city, town, or village in the state shall have the power and authority to establish, mandate, or otherwise require an employer to provide to an employee paid or unpaid days off from work for sick leave which exceeds the requirements of sections 285.600 through 285.642.

3. Nothing in sections 285.600 through 285.642 shall be interpreted or applied to create a power or obligation contrary to any federal law, rule, or regulation.

285.642. Except as detailed in section 285.618, all of the provisions of sections 285.600 through 285.642 are severable, and if any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 285.600 through 285.642 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application, and to this end the provisions of sections 285.600 through 285.642 are declared severable.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-032)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 285 of the Revised Statutes of Missouri. (Received November 17, 2016)

Date

December 7, 2016

Description

This proposal would amend Chapter 285 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Lottery,** the **Public Service Commission,** the **State Tax Commission,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Veterans Commission,** the **Missouri Ethics Commission,** the **Missouri Office of Prosecution Services,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St.**

Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** the **Lieutenant Governor's office,** the **Children's Trust Fund,** the **Missouri Joint Municipal Electric Utility Commission,** the **State Auditor's office, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and Missouri Jobs with Justice Voter Action provided information as proponents of the proposal to the State Auditor's office.

Officials from the **Attorney General's office** indicated various provisions of the proposal authorize their department to promulgate rules, establish mediation procedures "and additional means of enforcement… ." They assume that their office may provide some review of proposals, but assume that any potential costs arising from this proposal can be absorbed with existing resources. They may seek additional appropriations if there is an increased review of rules in later years.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will be deferring to the Office of Administration and the Department of Labor and Industrial Relations regarding any fiscal impact this initiative petition might have.

Officials from the **Department of Higher Education** indicated the state, including departments, are exempt from the definition of "employer," so this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated there is no fiscal impact to their department as a result of this initiative petition. Section 285.600 (5) indicates "for the purposes of sections 285.600 through 285.642 "employer" does not include the United States Government, the state, …., including a department, agency, …."

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated they expect no change in revenues or expenses in fiscal years 2017, 2018, and 2019.

The petition, if passed by voters, would require businesses with 15 or more employees to provide paid sick time. It also would allow their department to educate employers, take complaints, and perform investigations of violations of the new law.

The long-range fiscal implications are the same as those of the estimate period.

Under the new language, they may educate employers and employees, promulgate rules, take complaints, and conduct investigations of alleged violations of the new provisions. They believe the education, registration of complaints, and investigations would be conducted in a manner similar to those conducted under the Minimum Wage program. Using employer information from the United States Census Bureau for employers with more than ten employees, they estimate that it would receive complaints from 1.5% of the estimated 40,886 businesses with 10 or more employees, or 613 complaints annually. (The Census Bureau does not break employers at the 15 or more level.) To investigate these 613 complaints, they would require 3.50 Wage & Hour Investigator I/IIs. In FY 2016, 578 complaints were closed by 3.50 Investigators, averaging 165 per FTE. Using this calculation, they estimate it would need 3.50 FTE and the standard per FTE expenses and equipment to complete these activities.

However, Sections 285.612, 285.615, 285.618, and 285.621 expressly state that they are not required to take on the new duties it is authorized to perform under this proposal if doing so will require an appropriation to cover the costs of performing the duties. Because these duties are optional and are not required of their department, if there is no appropriation made to cover the cost, they estimate no mandated fiscal impact for this proposal.

Officials from the **Department of Revenue** indicated they defer this fiscal note to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they will defer to the Office of Administration response to this petition.

Officials from the **Department of Social Services** indicated they will defer to the Office of Administration response to this petition. They indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no fiscal impact to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated:

This initiative petition adds 15 new sections to Chapter 285 related to sick leave.

Under this proposal, employers would be required to provide paid sick leave to employees. The amount would be dependent upon the number of employees. It does not include employees covered under a valid collective bargaining agreement and it provides employees with an avenue of recourse if the employee claims to be aggrieved.

The State of Missouri is excluded from the provisions of this proposal, therefore there would be no statewide impact related to this proposal other than potentially higher costs for services purchased by the state. However, the Department of Labor and Industrial Relations (DOLIR) will be impacted. Budget and Planning defers to the DOLIR for the specific impact to that agency.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office, as they are an independent department within state government and by definition state employees are exempt from this proposed legislation.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated there is no impact on their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted because cities are not employers. An indirect cost to cities may arise through increased labor costs of those vendors contracting with the city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition could have a fiscal impact on local government.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined that for benefit eligible employees (defined as working .75 or >) that it does not appear that the proposed legislation as written would create a significant fiscal impact to their university.

Officials from the **Missouri Lottery** indicated no fiscal impact to their agency.

Officials from the **Public Service Commission** indicated no fiscal impact on their agency.

Officials from the **State Tax Commission** indicated this initiative petition pertaining to sick leave in Chapter 285 does not directly impact their office. As a state agency this matter is under the direction of Office of Administration, Division of Personnel.

Officials from the **Missouri Veterans Commission** indicated no fiscal impact to their agency.

Officials from the **Missouri Office of Prosecution Services** indicated no measurable fiscal impact to their office.

Officials from the **Kansas City Boards of Election Commissioners** indicated there is no fiscal impact with amendments to Chapter 285, Versions 1 -12, since the State is not responsible for costs associated with the November 2018 election.

Officials from the **Platte County Board of Elections** indicated the proposed initiative would have no fiscal impact on their office.

Officials from the **Jackson County Election Board** indicated no fiscal impact on their office.

Officials from the **Lieutenant Governor's office** indicated it is anticipated that this initiative petition will impose little to no costs or savings on their office.

Officials from the **Children's Trust Fund** indicated they are part of the Office of Administration and thus will be covered by the Office of Administration's official response. They will not be responding separately.

Officials from the **Missouri Joint Municipal Electric Utility Commission** indicated:

The Missouri Association of Municipal Utilities represents approximately 120 cities in Missouri providing utility services to their customer/owners. They do not represent cities in their general business operation. That representation is undertaken by the Missouri Municipal League and its executive director Dan Ross.

Based on a review of each of the 12 versions it appears that there would be no direct cost to any of their cities since the framers of the amendment specifically excluded cities from the definition of employers and city employees from coverage of the proposed changes.

However, it is possible that cities may experience some increases in the cost of goods and services consumed in the regular course of business as a result of higher labor input costs. It is impossible to accurately predict those increases other than to make you aware of the potential.

Officials from the **State Auditor's office** indicated there is no fiscal impact for their office.

Officials from **University of Central Missouri** indicated if they are included in the definition of "employer" that would be impacted by this legislation, they would have an additional cost of roughly $340,000. In fiscal year 2016, part-time employees worked nearly 679,000 hours. If each 30 hours resulted in one sick time hour, that would be 22,634 hours. At an average rate of $15/hour, that would have a fiscal impact of $340,000.

If the definition of employer is interpreted to exclude UCM because of its status as a state agency, then there would be no fiscal impact.

Officials from **Missouri State University** indicated no fiscal impact on their university.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Lara Granich and Missouri Jobs with Justice Voter Action provided the following information as proponents of this initiative petition.

November 28, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Earned Sick Time Petitions
Petitions numbered by MO SOS at 2018-28 to 2018-39

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Earned Sick Time Petitions.

This analysis uses data collected by the U.S. Bureau of Labor Statistics, the Centers for Disease Control and Prevention, and the U.S. Census Bureau to evaluate the impact of earned sick time laws in Missouri. This analysis uses findings from previous peer-reviewed research to estimate cost-savings associated with the proposed policies through reduced turnover, reduced spread of contagious disease in the workplace, prevention of productivity losses from employees working while sick, minimized nursing-home stays, and reduced norovirus outbreaks in nursing homes. We also address certain claims that have been made by opponents in the past.

I. Estimate of Number of Workers Affected Statewide

According to the Institute for Women's Policy Research, an estimated 1,002,116 private sector workers in Missouri, or 45.9 percent of the workforce, cannot earn a single paid sick day to use to recover from common illnesses or seek medical care.[1]

II. Direct Costs to State

As these proposed initiatives exclude public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Enforcement would be handled by existing staff at the Department of Labor.

III. Economic Literature on the Impact of Earned Sick Time on Businesses

This analysis quantifies only a subset of potential benefits, predicting a net economic benefit from both of the proposed laws. Likely additional benefits from paid sick days not quantified in this analysis include: reduced health care spending due to reduced public contagion and more timely and regular preventive care and treatment; improved economic security among families who receive pay on sick days and are less likely to be fired or disciplined for taking sick time; and improved school outcomes and reduced contagion in schools, when parents can avoid sending sick children to school or child care.

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country. There is no evidence of business closures/layoffs as a result of earned sick time laws. Both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed. In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates. 2

The Washington D.C. Auditor reported "that the Accrued Sick and Safe Leave Act did not have the economic impact of encouraging business owners to move a business from the District nor did the Act have the economic impact of discouraging business owners to locate a business in the District of Columbia."3 New York City reported that "New York City's economy has thrived since the enactment of PSL [paid sick leave]. Between January 2014 and January 2015, a period that covers the law's implementation, economic indicators were a cause for celebration, not concern as many had predicted." 4

[1] 1 Institute for Women's Policy Research & National Partnership for Women & Families. (2015, May). Workers' Access to Paid Sick Days in the States. Table 2. Retrieved 8 July 2015, from http://www.nationalpartnership.org/research-library/work-family/psd/workers-access-to-paid-sick-days-in-the-states.pdf

[2] http://iwpr.org/publications/pubs/paid-sick-days-benefit-employers-workers-and-the-economy

[3] http://www.dcauditor.org/reports/audit-accrued-sick-and-safe-leave-act-2008

[4] http://www1.nyc.gov/assets/dca/downloads/pdf/about/PaidSickLeaveLaw-FirstYearMilestones.pdf

Summary of Benefits Associated With Missouri's Proposed Earned Sick Time Law

Benefits	Firms with <50 Employees			Firms with 50+ Employees		
	Dollars	Average per-worker savings		Dollars	Average per-worker costs/savings	
BENEFITS						
Lower Turnover	$32,718,875			$146,675,016		
Reduced Flu Contagion in the Workplace	$1,334,044			$5,980,370		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Employers' Savings	**$34,052,920**	**$6.97**	**$0.21**	**$152,655,386**	**$9.44**	**$0.26**
Reduced Short-Term Nursing Home Stays	$2,415,006			$8,165,162		
Reduced Norovirus in Nursing Homes	$21,692			$93,129		
Reduced Flu Contagion	$233,249			$771,691		
Reduced Emergency Department Visits	$3,512,104			$11,619,581		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Community Savings	**$6,182,052**	**$1.26**	**$0.04**	**$20,649,564**	**$1.28**	**$0.03**

Note: "Small" firms are defined in the proposed laws at firms employing fewer than 15 employees and "Large" firms are defined as firms employing 15 or more employees.

Source: Institute for Women's Policy Research Analysis of the 2014 American Community Survey (ACS), the 2016 National Compensation Survey (NCS), the 2013-2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2010 Current Population Survey Displaced Worker, Employee Tenure, and Occupational Mobility Supplement File, and the 2014-2015 National Health Interview Survey (NHIS).

Note on Methodology

The estimates are based on analyses of the following data sets: the 2013–2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2014-2015 National Health Interview Survey (NHIS), the 2014 American Community Survey (ACS), the 2016 National Compensation Survey and the 2014 Medical Expenditure Panel Survey along with findings from previous peer-reviewed research.

This analysis was limited to only private sector workers as the proposed legislation only covers such workers. The proposed legislation does include some small exemptions for certain employees which this analysis does not account for. Excluding such workers would result in minor reductions in both the costs and benefits estimated, but general trends would remain the same. To learn more about the methodology and sources please see "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days"[5]

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,
Lara Granich
Missouri Jobs with Justice Voter Action

[5] Williams, Claudia. 2013. "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days." IWPR Publication No. B311. Washington, DC: Institute for Women's Policy Research.

INSTITUTE FOR WOMEN'S POLICY RESEARCH

Briefing Paper

www.iwpr.org

IWPR #B361 July 2016

Paid Sick Days Benefit Employers, Workers, and the Economy

Jessica Milli, PhD., Jenny Xia, and Jisun Min

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country.[1] Yet millions more still would not be paid if they need to stay at home when they are sick or need to care for a family member who is ill. As of 2014, 51 million workers lacked access to paid sick days.[2]

Research has documented many benefits of paid sick days policies for workers, businesses, and communities as a whole. These benefits would multiply substantially if more workers gained access to paid sick days. This briefing paper summarizes research on the benefits of paid sick days and the effects of paid sick days policies in places that have them.

Employers Benefit from Paid Sick Days

- **Reduced contagion in the workplace:** A 2010 survey conducted by the National Opinion Research Center found that employees without access to paid sick days are 1.5 times more likely than those with access to go to work with a contagious illness (55 percent compared with 37 percent).[3] Such "presenteeism" has serious public health consequences including flu contagion. A 2010 analysis of labor force and Centers for Disease Control data estimated that more than one in four private sector employees worked while ill with H1N1 during the 2009 H1N1 pandemic, resulting in the estimated infection of 7 million co-workers with H1N1. Work absences from illness dropped more precipitously among public sector workers than among private sector workers during the decline of the pandemic. Because employees in the public sector have greater access to paid sick days, the finding suggests that paid sick days played a role in slowing contagion and potentially in speeding recovery.[4] A 2013 study employed a model simulating influenza contagion to estimate reductions in contagion rates under a universal paid sick days policy. Using data from the American Community Survey, LandScan USA, and the U.S. Census, the study estimated that providing paid sick days would reduce workplace influenza infection in the United States by about 6 percent.[5]

- **Improved productivity:** When workers come to work sick, their productivity and performance suffer. Estimates of productivity losses vary across studies. A 1997 study polling 332 workers who had influenza-like illnesses found that workers on average reported being 46 percent less effective while ill at work.[6] A 2003 study based on interviews with more than 28,000 workers reported that on average, workers lose 1.32 hours per week of productive time due to personal health related reasons.[7] Since workers

with access to paid sick days are less likely to come to work sick and infect their co-workers,[8] paid sick days can prevent further productivity losses resulting from illness and contagion in the workplace.

- **Decreased workplace injuries:** Working while sick also puts employees at greater risk of injury on the job. A 2012 study using the 2005 through 2008 National Health Interview Survey (NHIS) found that after controlling for factors like survey year, occupational sector, firm size, region, and the availability of paid sick leave, workers with access to paid sick days are 28 percent less likely to be injured on the job than workers without this benefit.[9]

- **Decreased employee turnover:** A 2012 analysis of data collected between 2004 and 2006 through the Medical Expenditure Panel Survey (MEPS) finds that the likelihood of job separation decreases by about 25 percent when a worker has access to paid sick days, even after controlling for potential confounding factors such as workers' educational attainment, earnings, and race/ethnicity.[10] As employee turnover typically costs an employer between 10 and 30 percent of an employee's annual salary,[11] a reduction in turnover can result in significant reductions in employer costs.

Paid Sick Days Improve Public Health

- **Increased use of preventive care:** Since paid sick days can be used for doctor visits, workers with paid sick days are more likely to seek preventive care and to be screened for diseases such as cancer, which can lead to early detection and treatment. A 2012 study using 2008 National Health Interview Survey (NHIS) data finds that after controlling for sociodemographic and health-care-related factors, workers with paid sick days are significantly more likely to have had mammograms, Pap tests, and endoscopy, and to have seen a doctor during the previous year than those without the benefit.[12]

- **More timely treatment for illnesses:** Workers without paid sick days are more likely to delay medical care when they or a family member is ill which can lead to a more serious or prolonged illness.[13]A 2016 analysis of the 2013 NHIS—which controlled for demographic and health-related factors like race and ethnicity, occupation, annual family income, and health insurance coverage—indicates that workers without paid sick leave are three times more likely to forgo medical care for themselves, and 1.6 times more likely to forgo medical care for their families, compared with workers who have the benefit.[14] A 2011 analysis of the NHIS found that when they do seek care, workers without paid sick days—regardless of their educational attainment, income, race/ethnicity and other demographic characteristics—are more likely to use an emergency department for care.[15]

- **Improved family health:** Paid sick days may encourage workers to respond to their children's and family members' health needs in a timely manner, thereby improving overall health outcomes for their families. Paid sick days are a primary factor affecting whether a working parent will stay at home with a sick child rather than sending them to school or child care sick. The 2010 National Opinion Research Center Survey found that

28 percent of workers without paid sick days reported sending a sick child to school or child care, compared with 14 percent of workers with paid sick days.[16] A 2012 study analyzing the 2008 National Study of the Changing Workforce (NSCW) and controlling for worker and job characteristics finds that having paid sick days is associated with reduced work-family conflict, which lessens difficulties parents face in taking time off from work to care for a sick child.[17]

Paid Sick Days Bring Economic Benefits for Workers, Families, and Communities

- **Improved employment and earnings stability:** When incomes are not interrupted by unpaid leave, families experience greater financial stability and economic well-being. According to a 2010 poll, 16 percent of workers surveyed reported losing a job for missing work when they were sick or to care for an ill family member.[18] Research has shown that having paid sick days reduces the likelihood of a job separation by at least 25 percent.[19]

- **Improved labor force attachment among caregivers:** Informal caregivers whose work schedules are incompatible with the care needs of their family members may decrease their work hours or even leave the labor force completely.[20] One 2011 Gallup poll found that most caregivers, including parents, reported missing at least one full day of work to fulfill their caregiving duties with an average of 6.6 workdays missed per year.[21] Paid sick days, however, may provide sufficient leave to caregivers to allow them to maintain their desired level of employment while continuing to perform their caregiving work.

- **Savings from reduced utilization of hospital emergency departments and a lower monetary burden on taxpayers:** A 2011 study using the 2008 and 2009 NHIS finds that the annual number of emergency department visits per worker without paid sick days is greater than it is for those with the benefit. Using MEPS data on the cost of emergency department visits, the study estimates that a lack of paid sick days resulted in an estimated 1.3 million preventable emergency department visits every year in the United States in 2008, costing $1.1 billion more than office visits would have. Part of these costs—$500 million—were paid by public insurance programs such as Medicaid.[22]

Research Finds Benefits of Existing Paid Sick Days Laws and Minimal Costs to Employers

Since the implementation of the first paid sick days law in 2007, several studies have evaluated the impacts of the legislation, with a particular emphasis on the effects on employers. These evaluations have largely found that the overall impact on businesses was minimal. Many firms saw benefits from the policy and counted themselves as supporters after implementing it.

- **Minimal costs:** Costs to employers of providing paid sick days have been modest. In Seattle, evaluations found that the cost of providing paid sick leave in 2013 was only

about 0.4 percent of total firm revenue for the year.[23] In Connecticut, nearly half of 228 employers surveyed in 2013, a year and a half after the state's paid sick days law's implementation, reported having no increased overall cost, and 19.1 percent of employers reported an increased cost of less than 2 percent.[24] In San Francisco, the paid sick leave ordinance created additional costs for a relatively small share of employers. Six out of seven employers reported no adverse effects on profitability.[25]

- **Ease of implementation:** Research shows that paid sick days have minimal effect on business operations. Most San Francisco employers reported that implementing the Paid Sick Leave Ordinance was not difficult.[26] Likewise, about two thirds of Seattle employers reported that implementing the Paid Sick and Safe Time Ordinance was not very difficult, and 70 percent expressed support for the policy a year after implementation of the Ordinance.[27] Similarly, a large majority of Connecticut employers surveyed in 2013 indicated that the Paid Sick Leave Law did not burden business operations.[28]

- **Employees use paid sick days judiciously:** Several years after the implementation of San Francisco's paid sick days law, an IWPR survey of 1,194 workers found that employees in San Francisco used fewer than half of the sick days available under the paid sick leave ordinance.[29] Using data from the 2014 NHIS, IWPR found that most workers who do have access to paid sick days do not use any in a given year.[30] In regions that have passed paid sick day laws, surveys suggest that abuse of paid sick days is rare. Among 228 Connecticut employers surveyed by the Center for Economic and Policy Research, 86 percent reported no known cases of abuse more than a year after paid sick days was implemented.[31] A report published by the City of Seattle auditor finds that more than nine in ten Seattle employers surveyed in 2012 had never reprimanded an employee for abusing paid sick days.[32]

- **Sustained job growth and employment:** In contrast to messaging communicated by big business lobbyists prior to the laws' passage, both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed.[33] In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates.[34]

- **Improved employee morale, motivation, loyalty, and productivity**: Over a quarter of Connecticut employers reported improved morale, 12.5 percent reported increased employee motivation, 10.6 percent reported increased loyalty, and 14.9 percent reported increased productivity after implementation of the state's paid sick days law.[35]

- **Improved work life balance for employees:** A 2010 IWPR survey found that one out of four San Francisco employees reported that paid sick days enabled them to better care for their own and their families' health needs. In addition, nearly 30 percent reported that their employers were more supportive when they needed to use their leave than they were

prior to the law's passage. More than half of all San Francisco workers reported at least one benefit as a result of the ordinance.[36]

- **Reduced flu contagion in locations with paid sick day laws:** One recent study used Google Flu data from 2003 to 2015 to show that influenza-like infection rates decrease significantly when workers gain access to paid sick days. By comparing the rates of influenza-like illnesses in regions with paid sick days policies—including the District of Columbia, Connecticut, California, Massachusetts, and Oregon—with those lacking such laws, the study finds that infection rates decrease by about 10 percent when employees without coverage obtain paid sick days.[37]

Conclusion

Literature spanning the fields of public health, economics, sociology, medicine, social work, and public policy converge to reflect the health, employment, and economic benefits of paid sick days. Research suggests that more widespread implementation of paid sick days policies would have a substantial positive impact on the well-being of children, families, and communities across the United States.

Notes

[1] For a complete list of paid sick days laws and their provisions, see: A Better Balance, "Overview of Paid Sick Time Laws in the United States," <http://www.abetterbalance.org/web/images/stories/Documents/sickdays/factsheet/PSDchart.pdf> (accessed May 4, 2016).
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Funding for this briefing paper was provided by the Ford Foundation and the Annie E. Casey Foundation.

For more information on IWPR reports or membership, please call (202) 785-5100, e-mail iwpr@iwpr.org, or visit www.iwpr.org.

The Institute for Women's Policy Research (IWPR) conducts rigorous research and disseminates its findings to address the needs of women, promote public dialogue, and strengthen families, communities, and societies. The Institute works with policymakers, scholars, and public interest groups to design, execute, and disseminate research that illuminates economic and social policy issues affecting women and their families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR's work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations and corporations. IWPR is a 501(c)(3) tax-exempt organization that also works in affiliation with the women's studies, and public policy and public administration programs at The George Washington University.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Ethics Commission,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Clay County Board of Election Commissioners, Harris-Stowe State University, Lincoln University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local governments expect no direct costs from this proposal, but indicated unknown higher costs for goods and services may result. Any change in tax revenue for state and local governments is unknown.

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 17, 2016

RECEIVED
NOV 17 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 285, version 4 (2018-031)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 16, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 16 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

Fifteen new sections to be known as sections 285.600, 285.603, 285.606, 285.609, 285.612, 285.615, 285.618, 285.621, 285.624, 285.627, 285.630, 285.633, 285.636, 285.639, and 285.642 are enacted to read as follows:

285.600. As used in sections 285.600 through 285.642:

(1) "Construction", includes construction, reconstruction, improvement, enlargement, alteration, painting and decorating, or major repair.

(2) "Construction industry", includes any employer whose employees conduct or perform construction as a principal component of the employer's business or enterprise.

(3) "Department", Department of Labor and Industrial Relations.

(4) "Director", Director of the Department of Labor and Industrial Relations.

(5) "Earned paid sick time", time that is compensated at the same hourly rate and with the same benefits, including health care benefits, as the employee normally earns during hours worked and is provided by an employer to an employee for the purposes described in section 285.606, but in no case shall this hourly amount be less than that provided under section 290.502.

(6) "Employee", any individual employed in this state by an employer, but does not include:

(A) Any individual engaged in the activities of an educational, charitable, religious, or nonprofit organization where the employer-employee relationship does not, in fact, exist or where the services rendered to the organization are on a voluntary basis;

(B) Any individual standing in loco parentis to foster children in their care;

(C) Any individual employed for less than four months in any year in a resident or day camp for children or youth, or any individual employed by an educational conference center operated by an educational, charitable or not-for-profit organization;

(D) Any individual engaged in the activities of an educational organization where employment by the organization is in lieu of the requirement that the individual pay the cost of tuition, housing or other educational fees of the organization or where earnings of the individual employed by the organization are credited toward the payment of the cost of tuition, housing or other educational fees of the organization;

(E) Any individual employed on or about a private residence on an occasional basis for six hours or less on each occasion;

(F) Any individual employed on a casual basis to provide baby-sitting services;

(G) Any individual employed by an employer subject to the provisions of part A of subtitle IV of title 49, United States Code, 49 U.S.C. §§ 10101 et seq.;

(H) Any individual employed on a casual or intermittent basis as a golf caddy, newsboy, or in a similar occupation;

(I) Any individual who is employed in any government position defined in 29 U.S.C. §§ 203(e)(2)(C)(i)-(ii); or

(J) Any individual who is an offender, as defined in section 217.010, who is incarcerated in any correctional facility operated by the department of corrections, including offenders who provide labor or services on the grounds of such correctional facility pursuant to section 217.550.

(7) "Employer", any person acting directly or indirectly in the interest of an employer in relation to an employee; provided, however, that for the purposes of sections 285.600 through 285.642, "employer" does not include the United States Government, the state, or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state.

(8) "Family member", any of the following individuals:

(A) Regardless of age, a biological, adopted or foster child, stepchild or legal ward, a child of a domestic partner, a child to whom the employee stands in loco parentis, or an individual to whom the employee stood in loco parentis when the individual was a minor;

(B) A biological, foster, stepparent or adoptive parent or legal guardian of an employee or an employee's spouse or domestic partner or an individual who stood in loco parentis when the employee or employee's spouse or domestic partner was a minor child;

(C) An individual to whom the employee is legally married under the laws of any state, or a domestic partner who is registered as such under the laws of a political subdivision;

(D) A grandparent, grandchild, or sibling (whether of a biological, foster, adoptive or step relationship) of the employee or the employee's spouse or domestic partner; or

(E) A member of the employee's household.

(9) "Health care professional," any individual licensed under Federal or State law to provide medical or emergency services, including but not limited to doctors, nurses, certified nurse midwives, and emergency room personnel.

(10) "Person", any individual, partnership, association, corporation, business, business trust, legal representative, or any organized group of persons.

(11) "Retaliatory personnel action", denial of any right guaranteed under sections 285.600 through 285.642, or any threat, discharge, suspension, demotion, reduction of hours, or any other adverse action against an employee for the exercise of any right guaranteed herein. "Retaliatory personnel action" shall also include interference with or punishment for in any manner participating in or assisting an investigation, proceeding, or hearing under sections 285.600 through 285.642.

(12) "Year", a regular and consecutive twelve-month period as determined by the employer; except that for the purposes of section 285.615 and section 285.627, "year" shall mean a calendar year.

285.603. 1. Employees of an employer with fifteen or more employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than forty hours of earned paid sick time per year, unless the employer selects a higher limit.

2. Employees of an employer with fewer than fifteen employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than twenty-four hours of earned paid sick time per year, unless the employer selects a higher limit.

3. In determining the number of employees performing work for an employer for compensation during a given week, all employees performing work for compensation on a full-time, part-time, or temporary basis shall be counted. In situations in which the number of employees who work for an employer for compensation per week fluctuates above and below fifteen employees per week over the course of the year, an employer is required to provide earned paid sick time pursuant to subsection (1) of this section if it maintained fifteen or more employees on the payroll for some portion of a day in each of twenty different calendar weeks, whether or not the weeks were consecutive, in either the current or the preceding year (irrespective of whether the same individuals were in employment in each day).

4. All employees shall accrue earned paid sick time as follows:

(A) Earned paid sick time as provided in this section shall begin to accrue at the commencement of employment or ninety days after this law goes into effect, whichever is later. An employer may provide all paid sick time that an employee is expected to accrue in a year at the beginning of the year.

(B) An employee may use earned paid sick time as it is accrued, except that an employer may require an employee hired more than ninety days after this law goes into effect to wait until the ninetieth calendar day after commencing employment before using accrued earned paid sick time, unless otherwise permitted by the employer.

(C) Employees who are exempt from overtime requirements under 29 U.S.C. § 213(a)(1) of the Federal Fair Labor Standards Act will be assumed to work forty hours in each work week for purposes of earned paid sick time accrual unless their normal work week is less than forty hours, in which case earned paid sick time accrues based upon that normal work week.

(D) Earned paid sick time shall be carried over to the following year, subject to the limitations on usage in subsections (1) and (2) of this section. Alternatively, in lieu of carryover of unused earned paid sick time from one year to the next, an employer may pay an employee for unused earned paid sick time at the end of a year and provide the employee with an amount of paid sick time that meets or exceeds the requirements of sections 285.600 through 285.642 that is available for the employee's immediate use at the beginning of the subsequent year.

(E) If an employee is transferred to a separate division, entity, or location, but remains employed by the same employer, the employee is entitled to all earned paid sick time accrued at the prior division, entity, or location and is entitled to use all earned paid sick time as provided in this section. When there is a separation from employment and the employee is rehired within nine months of separation by the same employer, previously accrued earned paid sick time that had not been used shall be reinstated. Further, the employee shall be entitled to use accrued earned paid sick time and accrue additional earned paid sick time at the re-commencement of employment.

(F) When a different employer succeeds or takes the place of an existing employer, all employees of the original employer who remain employed by the successor employer are entitled to all earned paid sick time they accrued when employed by the original employer, and are entitled to use earned paid sick time previously accrued.

(G) At its discretion, an employer may loan earned paid sick time to an employee in advance of accrual by such employee.

5. Any employer with a paid leave policy, such as a paid time off policy, who makes available an amount of paid leave sufficient to meet the accrual requirements of this section that may be used for the same purposes and under the same conditions as earned paid sick time under sections 285.600 through 285.642 is not required to provide additional paid sick time.

6. Nothing in this section shall be construed as requiring financial or other reimbursement to an employee from an employer upon the employee's termination, resignation, retirement, or other separation from employment for accrued earned paid sick time that has not been used.

285.606. 1. Earned paid sick time shall be provided to an employee by an employer for:

(A) An employee's mental or physical illness, injury, or health condition; an employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; an employee's need for preventive medical care;

(B) Care of a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; care of a family member who needs preventive medical care; or

(C) Closure of the employee's place of business by order of a public official due to a public health emergency, or an employee's need to care for a child whose school or place of care has been closed by order of a public official due to a public health emergency, or care for oneself or a family member when it has been determined by the health authorities having jurisdiction or by a health care provider that the employee's or family member's presence in the community may jeopardize the health of others because of his or her exposure to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

2. Earned paid sick time shall be provided upon the request of an employee. Such request may be made orally, in writing, by electronic means or by any other means acceptable to the employer. When possible, the request shall include the expected duration of the absence.

3. When the use of earned paid sick time is foreseeable, the employee shall make a good faith effort to provide notice of the need for such time to the employer in advance of the use of the earned paid sick time and shall make a reasonable effort to schedule the use of earned paid sick time in a manner that does not unduly disrupt the operations of the employer. Where such need is not foreseeable, an employer may require an employee to provide notice of the need for the use of earned paid sick time as soon as practicable.

4. An employer that requires notice of the need to use earned paid sick time where the need is not foreseeable shall provide a written policy that contains procedures for the employee to provide notice. An employer that has not provided to the employee a copy of its written policy for providing such notice shall not deny earned paid sick time to the employee based on non-compliance with such a policy.

5. An employer may not require, as a condition of an employee's taking earned paid sick time, that the employee search for or find a replacement worker to cover the hours during which the employee is using earned paid sick time.

6. Earned paid sick time may be used in the smaller of hourly increments or the smallest increment that the employer's payroll system uses to account for absences or use of other time.

7. For earned paid sick time of three or more consecutive work days, an employer may require reasonable documentation that the earned paid sick time has been used for a purpose covered by subsection (1) of this section. Documentation signed by a heath care professional indicating that earned paid sick time is necessary shall be considered reasonable documentation for purposes of this section. An employer may not require that the documentation explain the nature of the illness unless otherwise required by law.

285.609. 1. It shall be unlawful for an employer or any other person to interfere with, restrain, or deny the exercise of, or the attempt to exercise, any right protected under sections 285.600 through 285.642.

2. An employer shall not take retaliatory personnel action or discriminate against an employee or former employee because he or she has exercised rights protected under sections 285.600 through 285.642. Such rights include, but are not limited to, the right to request or use earned paid sick time pursuant to sections 285.600 through 285.642; the right to file a complaint or inform any person about any employer's alleged violation of sections 285.600 through 285.642; the right to participate in an investigation, hearing, or proceeding or cooperate with or assist the Department in any investigations of alleged violations of sections 285.600 through 285.642; and the right to inform any person of his or her potential rights under sections 285.600 through 285.642.

3. It shall be unlawful for an employer's absence control policy to count earned paid sick time taken under sections 285.600 through 285.642 as an absence that may lead to or result in discipline, discharge, demotion, suspension, or any other adverse action.

4. Protections of this section shall apply to any individual who mistakenly but in good faith alleges violations of sections 285.600 through 285.642.

285.612. 1. Employers shall give employees written notice of the following at the commencement of employment or by ninety days after this law goes into effect, whichever is later: employees are entitled to earned paid sick time and the amount of earned paid sick time, the terms of its use guaranteed under sections 285.600 through 285.642, that retaliatory personnel action against employees who request or use earned paid sick time is prohibited, that each employee has the right to bring a civil action if earned paid sick time as required by sections 285.600 through 285.642 is denied by the employer or the employee is subjected to retaliatory personnel action for requesting or taking earned paid sick time, and, if applicable, the contact information for the Department where questions about rights and responsibilities under sections 285.600 through 285.642 may be answered.

2. Employers shall display a poster that contains the information required in subsection (1) of this section in a conspicuous and accessible place in each establishment where such employees are employed, provided that such poster has been provided by the Department.

3. The Department may create and make available to employers, model notices and posters that contain the information required under subsection (1) of this section for employers' use in complying with subsections (1) and (2) of this section. Nothing in this subsection shall be interpreted or applied, either expressly or through practical necessity, to require the Department to create or make available notices or posters if it requires the appropriation of funds to cover the costs of such acts.

285.615. 1. Employers shall retain records documenting hours worked by employees and earned paid sick time taken by employees, for a period of not less than three years, and shall allow the Department access to such records, with appropriate notice and at a mutually agreeable time, to monitor compliance with the requirements of sections 285.600 through 285.642.

2. To the extent permitted by law, the Director may inspect such records, and the records shall be open for inspection by the Director by appointment. Where the records required under this section are kept outside the state, the records shall be made available to the Director upon demand. Every such employer shall furnish to the Director on demand a sworn statement of time records and information upon forms prescribed or approved by the Director. All the records and information obtained by the Department are confidential and shall be disclosed only on order of a court of competent jurisdiction.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department or Director to access or inspect records or to create forms relating to the inspection of records if it requires the appropriation of funds to cover the costs of such acts.

285.618. 1. The Department may, in accordance with chapter 536, promulgate rules to implement the provisions of sections 285.600 through 285.642. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2018, shall be invalid and void.

2. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the promulgation or adoption of rules if it requires the appropriation of funds to cover the costs of such acts.

285.621. 1. To the extent permitted by law, the Department may investigate and ascertain compliance with sections 285.600 through 285.642, establish and implement a system to receive complaints regarding non-compliance with sections 285.600 through 285.642 and to investigate and attempt to resolve complaints through mediation between the complainant and the subject of the complaint, and establish additional means of enforcement to the extent permitted by the law.

2. The Department may develop and implement an outreach program to inform employees, parents, and persons who are under the care of a health care provider about the availability of earned paid sick time under sections 285.600 through 285.642. This program may include the distribution of notices and other written materials to child care and elder care providers, domestic violence shelters, schools, hospitals, community health centers and other health care providers in Missouri.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department to conduct investigations and ascertain compliance with sections 285.600 through 285.642, to establish and implement a system to receive or resolve complaints, to establish additional means of enforcement, or to conduct outreach and education, including the creation of notices and other written materials, concerning sections 285.600 through 285.642, if it requires the appropriation of funds to cover the costs of such acts.

285.624. 1. To the extent permitted by law, any employer who violates or fails to comply with any of the provisions and requirements of sections 285.600 through 285.642 shall be guilty of a class C misdemeanor and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for violation of a class C misdemeanor; provided, however, that an employer who willfully violates the notice and posting requirements of section 285.612 shall be guilty of an infraction and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for an infraction.

2. For purposes of this section, each day of violation or failure to comply and each employee affected shall constitute a separate offense.

285.627. 1. Any individual who claims to have been aggrieved by a failure of an employer to comply with any portion of sections 285.600 through 285.642, including but not limited to the failure to provide earned paid sick time or to allow employees to use such time consistent with sections 285.600 through 285.642, or who claims to have suffered a retaliatory personnel action, shall have a right of action and may commence a civil action in the appropriate court of jurisdiction within three years of the accrual of the cause of action, to obtain appropriate relief with respect to such unlawful violation.

2. In a civil action under this section, if the court finds a violation has occurred, the court may grant as relief, as it deems appropriate and to the extent permitted by law, any permanent or temporary injunction, the full amount of any unpaid earned sick time plus any actual damages suffered as the result of the employer's violation of sections 285.600 through 285.642, an additional amount equal to twice any unpaid earned sick time as liquidated damages, costs, and reasonable attorney's fees as may be allowed by the court, and other legal or equitable relief as may be appropriate to remedy the violation, including, without limitation, reinstatement to employment and back pay. Any agreement between the employee and the employer to waive the protections of sections 285.600 through 285.642, with the exception of section 285.633, shall be no defense to the action.

285.630. 1. Except as otherwise required by law, an employer may not require disclosure of details relating to an employee's or an employee's family member's health information as a condition of providing earned paid sick time under sections 285.600 through 285.642.

2. Unless as otherwise required by law, any health information possessed by an employer regarding an employee or employee's family member must:

(A) be maintained on a separate form and in a separate file from other personnel information;

(B) be treated as confidential medical records; and

(C) not be disclosed except to the affected employee or with the express written permission of the affected employee.

285.633. 1. All or any portion of the earned paid sick time requirements of sections 285.600 through 285.642 shall not apply to employees covered by a valid collective bargaining agreement, to the extent that such requirements are expressly waived in the collective bargaining agreement in clear and unambiguous terms; provided further, that no provisions of sections 285.600 through 285.642 shall apply to any employee engaged in construction work in the construction industry who is covered by a valid collective bargaining agreement.

2. Notwithstanding subsection (1) of this section, with respect to employees covered by a valid collective bargaining agreement in effect on the effective date of sections 285.600 through 285.642, no provisions of sections 285.600 through 285.642 shall apply until the stated expiration date in the collective bargaining agreement.

3. Nothing in sections 285.600 through 285.642 shall be deemed to interfere, impede, or otherwise diminish the right of employees to bargain collectively through representatives of their own choosing.

285.636. 1. Nothing in sections 285.600 through 285.642 shall be construed to discourage or prohibit an employer from the adoption or retention of an earned paid sick time policy more generous than the one required herein.

2. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the obligation of an employer to comply with any contract, collective bargaining agreement, employment benefit plan, or other agreement providing more generous paid sick time to an employee than required herein. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the rights of public employees regarding paid sick time or use of paid sick time as provided in the laws of Missouri pertaining to public employees.

285.639. 1. Sections 285.600 through 285.642 provide minimum requirements pertaining to earned paid sick time and shall not be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, requirement, policy, or standard that provides for greater accrual or use by employees of earned paid sick time or that extends other protections to employees.

2. Nothing in sections 285.600 through 285.642 shall be interpreted or applied to create a power or obligation contrary to any federal law, rule, or regulation.

285.642. Except as detailed in section 285.618, all of the provisions of sections 285.600 through 285.642 are severable, and if any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 285.600 through 285.642 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application, and to this end the provisions of sections 285.600 through 285.642 are declared severable.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-031)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 285 of the Revised Statutes of Missouri. (Received November 17, 2016)

Date

December 7, 2016

Description

This proposal would amend Chapter 285 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Lottery,** the **Public Service Commission,** the **State Tax Commission,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Veterans Commission,** the **Missouri Ethics Commission,** the **Missouri Office of Prosecution Services,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St.**

Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** the **Lieutenant Governor's office,** the **Children's Trust Fund,** the **Missouri Joint Municipal Electric Utility Commission,** the **State Auditor's office, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and Missouri Jobs with Justice Voter Action provided information as proponents of the proposal to the State Auditor's office.

Officials from the **Attorney General's office** indicated various provisions of the proposal authorize their department to promulgate rules, establish mediation procedures "and additional means of enforcement… ." They assume that their office may provide some review of proposals, but assume that any potential costs arising from this proposal can be absorbed with existing resources. They may seek additional appropriations if there is an increased review of rules in later years.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will be deferring to the Office of Administration and the Department of Labor and Industrial Relations regarding any fiscal impact this initiative petition might have.

Officials from the **Department of Higher Education** indicated the state, including departments, are exempt from the definition of "employer," so this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated there is no fiscal impact to their department as a result of this initiative petition. Section 285.600 (5) indicates "for the purposes of sections 285.600 through 285.642 "employer" does not include the United States Government, the state, …., including a department, agency, …."

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated they expect no change in revenues or expenses in fiscal years 2017, 2018, and 2019.

The petition, if passed by voters, would require businesses with 15 or more employees to provide paid sick time. It also would allow their department to educate employers, take complaints, and perform investigations of violations of the new law.

The long-range fiscal implications are the same as those of the estimate period.

Under the new language, they may educate employers and employees, promulgate rules, take complaints, and conduct investigations of alleged violations of the new provisions. They believe the education, registration of complaints, and investigations would be conducted in a manner similar to those conducted under the Minimum Wage program. Using employer information from the United States Census Bureau for employers with more than ten employees, they estimate that it would receive complaints from 1.5% of the estimated 40,886 businesses with 10 or more employees, or 613 complaints annually. (The Census Bureau does not break employers at the 15 or more level.) To investigate these 613 complaints, they would require 3.50 Wage & Hour Investigator I/IIs. In FY 2016, 578 complaints were closed by 3.50 Investigators, averaging 165 per FTE. Using this calculation, they estimate it would need 3.50 FTE and the standard per FTE expenses and equipment to complete these activities.

However, Sections 285.612, 285.615, 285.618, and 285.621 expressly state that they are not required to take on the new duties it is authorized to perform under this proposal if doing so will require an appropriation to cover the costs of performing the duties. Because these duties are optional and are not required of their department, if there is no appropriation made to cover the cost, they estimate no mandated fiscal impact for this proposal.

Officials from the **Department of Revenue** indicated they defer this fiscal note to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they will defer to the Office of Administration response to this petition.

Officials from the **Department of Social Services** indicated they will defer to the Office of Administration response to this petition. They indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no fiscal impact to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated:

This initiative petition adds 15 new sections to Chapter 285 related to sick leave.

Under this proposal, employers would be required to provide paid sick leave to employees. The amount would be dependent upon the number of employees. It does not include employees covered under a valid collective bargaining agreement and it provides employees with an avenue of recourse if the employee claims to be aggrieved.

The State of Missouri is excluded from the provisions of this proposal, therefore there would be no statewide impact related to this proposal other than potentially higher costs for services purchased by the state. However, the Department of Labor and Industrial Relations (DOLIR) will be impacted. Budget and Planning defers to the DOLIR for the specific impact to that agency.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office, as they are an independent department within state government and by definition state employees are exempt from this proposed legislation.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated there is no impact on their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted because cities are not employers. An indirect cost to cities may arise through increased labor costs of those vendors contracting with the city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition could have a fiscal impact on local government.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined that for benefit eligible employees (defined as working .75 or >) that it does not appear that the proposed legislation as written would create a significant fiscal impact to their university.

Officials from the **Missouri Lottery** indicated no fiscal impact to their agency.

Officials from the **Public Service Commission** indicated no fiscal impact on their agency.

Officials from the **State Tax Commission** indicated this initiative petition pertaining to sick leave in Chapter 285 does not directly impact their office. As a state agency this matter is under the direction of Office of Administration, Division of Personnel.

Officials from the **Missouri Veterans Commission** indicated no fiscal impact to their agency.

Officials from the **Missouri Office of Prosecution Services** indicated no measurable fiscal impact to their office.

Officials from the **Kansas City Boards of Election Commissioners** indicated there is no fiscal impact with amendments to Chapter 285, Versions 1 -12, since the State is not responsible for costs associated with the November 2018 election.

Officials from the **Platte County Board of Elections** indicated the proposed initiative would have no fiscal impact on their office.

Officials from the **Jackson County Election Board** indicated no fiscal impact on their office.

Officials from the **Lieutenant Governor's office** indicated it is anticipated that this initiative petition will impose little to no costs or savings on their office.

Officials from the **Children's Trust Fund** indicated they are part of the Office of Administration and thus will be covered by the Office of Administration's official response. They will not be responding separately.

Officials from the **Missouri Joint Municipal Electric Utility Commission** indicated:

The Missouri Association of Municipal Utilities represents approximately 120 cities in Missouri providing utility services to their customer/owners. They do not represent cities in their general business operation. That representation is undertaken by the Missouri Municipal League and its executive director Dan Ross.

Based on a review of each of the 12 versions it appears that there would be no direct cost to any of their cities since the framers of the amendment specifically excluded cities from the definition of employers and city employees from coverage of the proposed changes.

However, it is possible that cities may experience some increases in the cost of goods and services consumed in the regular course of business as a result of higher labor input costs. It is impossible to accurately predict those increases other than to make you aware of the potential.

Officials from the **State Auditor's office** indicated there is no fiscal impact for their office.

Officials from **University of Central Missouri** indicated if they are included in the definition of "employer" that would be impacted by this legislation, they would have an additional cost of roughly $340,000. In fiscal year 2016, part-time employees worked nearly 679,000 hours. If each 30 hours resulted in one sick time hour, that would be 22,634 hours. At an average rate of $15/hour, that would have a fiscal impact of $340,000.

If the definition of employer is interpreted to exclude UCM because of its status as a state agency, then there would be no fiscal impact.

Officials from **Missouri State University** indicated no fiscal impact on their university.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Lara Granich and Missouri Jobs with Justice Voter Action provided the following information as proponents of this initiative petition.

November 28, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Earned Sick Time Petitions
Petitions numbered by MO SOS at 2018-28 to 2018-39

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Earned Sick Time Petitions.

This analysis uses data collected by the U.S. Bureau of Labor Statistics, the Centers for Disease Control and Prevention, and the U.S. Census Bureau to evaluate the impact of earned sick time laws in Missouri. This analysis uses findings from previous peer-reviewed research to estimate cost-savings associated with the proposed policies through reduced turnover, reduced spread of contagious disease in the workplace, prevention of productivity losses from employees working while sick, minimized nursing-home stays, and reduced norovirus outbreaks in nursing homes. We also address certain claims that have been made by opponents in the past.

I. Estimate of Number of Workers Affected Statewide

According to the Institute for Women's Policy Research, an estimated 1,002,116 private sector workers in Missouri, or 45.9 percent of the workforce, cannot earn a single paid sick day to use to recover from common illnesses or seek medical care.[1]

II. Direct Costs to State

As these proposed initiatives exclude public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Enforcement would be handled by existing staff at the Department of Labor.

III. Economic Literature on the Impact of Earned Sick Time on Businesses

This analysis quantifies only a subset of potential benefits, predicting a net economic benefit from both of the proposed laws. Likely additional benefits from paid sick days not quantified in this analysis include: reduced health care spending due to reduced public contagion and more timely and regular preventive care and treatment; improved economic security among families who receive pay on sick days and are less likely to be fired or disciplined for taking sick time; and improved school outcomes and reduced contagion in schools, when parents can avoid sending sick children to school or child care.

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country. There is no evidence of business closures/layoffs as a result of earned sick time laws. Both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed. In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates. 2

The Washington D.C. Auditor reported "that the Accrued Sick and Safe Leave Act did not have the economic impact of encouraging business owners to move a business from the District nor did the Act have the economic impact of discouraging business owners to locate a business in the District of Columbia."3 New York City reported that "New York City's economy has thrived since the enactment of PSL [paid sick leave]. Between January 2014 and January 2015, a period that covers the law's implementation, economic indicators were a cause for celebration, not concern as many had predicted." 4

[1] 1 Institute for Women's Policy Research & National Partnership for Women & Families. (2015, May). Workers' Access to Paid Sick Days in the States. Table 2. Retrieved 8 July 2015, from http://www.nationalpartnership.org/research-library/work-family/psd/workers-access-to-paid-sick-days-in-the-states.pdf

[2] http://iwpr.org/publications/pubs/paid-sick-days-benefit-employers-workers-and-the-economy

[3] http://www.dcauditor.org/reports/audit-accrued-sick-and-safe-leave-act-2008

[4] http://www1.nyc.gov/assets/dca/downloads/pdf/about/PaidSickLeaveLaw-FirstYearMilestones.pdf

Summary of Benefits Associated With Missouri's Proposed Earned Sick Time Law

Benefits	Firms with <50 Employees			Firms with 50+ Employees		
	Dollars	Average per-worker savings		Dollars	Average per-worker costs/savings	
BENEFITS						
Lower Turnover	$32,718,875			$146,675,016		
Reduced Flu Contagion in the Workplace	$1,334,044			$5,980,370		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Employers' Savings	**$34,052,920**	**$6.97**	**$0.21**	**$152,655,386**	**$9.44**	**$0.26**
Reduced Short-Term Nursing Home Stays	$2,415,006			$8,165,162		
Reduced Norovirus in Nursing Homes	$21,692			$93,129		
Reduced Flu Contagion	$233,249			$771,691		
Reduced Emergency Department Visits	$3,512,104			$11,619,581		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Community Savings	**$6,182,052**	**$1.26**	**$0.04**	**$20,649,564**	**$1.28**	**$0.03**

Note: "Small" firms are defined in the proposed laws at firms employing fewer than 15 employees and "Large" firms are defined as firms employing 15 or more employees.

Source: Institute for Women's Policy Research Analysis of the 2014 American Community Survey (ACS), the 2016 National Compensation Survey (NCS), the 2013-2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2010 Current Population Survey Displaced Worker, Employee Tenure, and Occupational Mobility Supplement File, and the 2014-2015 National Health Interview Survey (NHIS).

Note on Methodology

The estimates are based on analyses of the following data sets: the 2013–2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2014-2015 National Health Interview Survey (NHIS), the 2014 American Community Survey (ACS), the 2016 National Compensation Survey and the 2014 Medical Expenditure Panel Survey along with findings from previous peer-reviewed research.

This analysis was limited to only private sector workers as the proposed legislation only covers such workers. The proposed legislation does include some small exemptions for certain employees which this analysis does not account for. Excluding such workers would result in minor reductions in both the costs and benefits estimated, but general trends would remain the same. To learn more about the methodology and sources please see "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days"[5]

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,
Lara Granich
Missouri Jobs with Justice Voter Action

[5] Williams, Claudia. 2013. "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days." IWPR Publication No. B311. Washington, DC: Institute for Women's Policy Research.

INSTITUTE FOR WOMEN'S POLICY RESEARCH

Briefing Paper

www.iwpr.org

IWPR #B361 July 2016

Paid Sick Days Benefit Employers, Workers, and the Economy

Jessica Milli, PhD., Jenny Xia, and Jisun Min

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country.[1] Yet millions more still would not be paid if they need to stay at home when they are sick or need to care for a family member who is ill. As of 2014, 51 million workers lacked access to paid sick days.[2]

Research has documented many benefits of paid sick days policies for workers, businesses, and communities as a whole. These benefits would multiply substantially if more workers gained access to paid sick days. This briefing paper summarizes research on the benefits of paid sick days and the effects of paid sick days policies in places that have them.

Employers Benefit from Paid Sick Days

- **Reduced contagion in the workplace:** A 2010 survey conducted by the National Opinion Research Center found that employees without access to paid sick days are 1.5 times more likely than those with access to go to work with a contagious illness (55 percent compared with 37 percent).[3] Such "presenteeism" has serious public health consequences including flu contagion. A 2010 analysis of labor force and Centers for Disease Control data estimated that more than one in four private sector employees worked while ill with H1N1 during the 2009 H1N1 pandemic, resulting in the estimated infection of 7 million co-workers with H1N1. Work absences from illness dropped more precipitously among public sector workers than among private sector workers during the decline of the pandemic. Because employees in the public sector have greater access to paid sick days, the finding suggests that paid sick days played a role in slowing contagion and potentially in speeding recovery.[4] A 2013 study employed a model simulating influenza contagion to estimate reductions in contagion rates under a universal paid sick days policy. Using data from the American Community Survey, LandScan USA, and the U.S. Census, the study estimated that providing paid sick days would reduce workplace influenza infection in the United States by about 6 percent.[5]

- **Improved productivity:** When workers come to work sick, their productivity and performance suffer. Estimates of productivity losses vary across studies. A 1997 study polling 332 workers who had influenza-like illnesses found that workers on average reported being 46 percent less effective while ill at work.[6] A 2003 study based on interviews with more than 28,000 workers reported that on average, workers lose 1.32 hours per week of productive time due to personal health related reasons.[7] Since workers

with access to paid sick days are less likely to come to work sick and infect their co-workers,[8] paid sick days can prevent further productivity losses resulting from illness and contagion in the workplace.

- **Decreased workplace injuries:** Working while sick also puts employees at greater risk of injury on the job. A 2012 study using the 2005 through 2008 National Health Interview Survey (NHIS) found that after controlling for factors like survey year, occupational sector, firm size, region, and the availability of paid sick leave, workers with access to paid sick days are 28 percent less likely to be injured on the job than workers without this benefit.[9]

- **Decreased employee turnover:** A 2012 analysis of data collected between 2004 and 2006 through the Medical Expenditure Panel Survey (MEPS) finds that the likelihood of job separation decreases by about 25 percent when a worker has access to paid sick days, even after controlling for potential confounding factors such as workers' educational attainment, earnings, and race/ethnicity.[10] As employee turnover typically costs an employer between 10 and 30 percent of an employee's annual salary,[11] a reduction in turnover can result in significant reductions in employer costs.

Paid Sick Days Improve Public Health

- **Increased use of preventive care:** Since paid sick days can be used for doctor visits, workers with paid sick days are more likely to seek preventive care and to be screened for diseases such as cancer, which can lead to early detection and treatment. A 2012 study using 2008 National Health Interview Survey (NHIS) data finds that after controlling for sociodemographic and health-care-related factors, workers with paid sick days are significantly more likely to have had mammograms, Pap tests, and endoscopy, and to have seen a doctor during the previous year than those without the benefit.[12]

- **More timely treatment for illnesses:** Workers without paid sick days are more likely to delay medical care when they or a family member is ill which can lead to a more serious or prolonged illness.[13]A 2016 analysis of the 2013 NHIS—which controlled for demographic and health-related factors like race and ethnicity, occupation, annual family income, and health insurance coverage—indicates that workers without paid sick leave are three times more likely to forgo medical care for themselves, and 1.6 times more likely to forgo medical care for their families, compared with workers who have the benefit.[14] A 2011 analysis of the NHIS found that when they do seek care, workers without paid sick days—regardless of their educational attainment, income, race/ethnicity and other demographic characteristics—are more likely to use an emergency department for care.[15]

- **Improved family health:** Paid sick days may encourage workers to respond to their children's and family members' health needs in a timely manner, thereby improving overall health outcomes for their families. Paid sick days are a primary factor affecting whether a working parent will stay at home with a sick child rather than sending them to school or child care sick. The 2010 National Opinion Research Center Survey found that

28 percent of workers without paid sick days reported sending a sick child to school or child care, compared with 14 percent of workers with paid sick days.[16] A 2012 study analyzing the 2008 National Study of the Changing Workforce (NSCW) and controlling for worker and job characteristics finds that having paid sick days is associated with reduced work-family conflict, which lessens difficulties parents face in taking time off from work to care for a sick child.[17]

Paid Sick Days Bring Economic Benefits for Workers, Families, and Communities

- **Improved employment and earnings stability:** When incomes are not interrupted by unpaid leave, families experience greater financial stability and economic well-being. According to a 2010 poll, 16 percent of workers surveyed reported losing a job for missing work when they were sick or to care for an ill family member.[18] Research has shown that having paid sick days reduces the likelihood of a job separation by at least 25 percent.[19]

- **Improved labor force attachment among caregivers:** Informal caregivers whose work schedules are incompatible with the care needs of their family members may decrease their work hours or even leave the labor force completely.[20] One 2011 Gallup poll found that most caregivers, including parents, reported missing at least one full day of work to fulfill their caregiving duties with an average of 6.6 workdays missed per year.[21] Paid sick days, however, may provide sufficient leave to caregivers to allow them to maintain their desired level of employment while continuing to perform their caregiving work.

- **Savings from reduced utilization of hospital emergency departments and a lower monetary burden on taxpayers:** A 2011 study using the 2008 and 2009 NHIS finds that the annual number of emergency department visits per worker without paid sick days is greater than it is for those with the benefit. Using MEPS data on the cost of emergency department visits, the study estimates that a lack of paid sick days resulted in an estimated 1.3 million preventable emergency department visits every year in the United States in 2008, costing $1.1 billion more than office visits would have. Part of these costs—$500 million—were paid by public insurance programs such as Medicaid.[22]

Research Finds Benefits of Existing Paid Sick Days Laws and Minimal Costs to Employers

Since the implementation of the first paid sick days law in 2007, several studies have evaluated the impacts of the legislation, with a particular emphasis on the effects on employers. These evaluations have largely found that the overall impact on businesses was minimal. Many firms saw benefits from the policy and counted themselves as supporters after implementing it.

- **Minimal costs:** Costs to employers of providing paid sick days have been modest. In Seattle, evaluations found that the cost of providing paid sick leave in 2013 was only

about 0.4 percent of total firm revenue for the year.[23] In Connecticut, nearly half of 228 employers surveyed in 2013, a year and a half after the state's paid sick days law's implementation, reported having no increased overall cost, and 19.1 percent of employers reported an increased cost of less than 2 percent.[24] In San Francisco, the paid sick leave ordinance created additional costs for a relatively small share of employers. Six out of seven employers reported no adverse effects on profitability.[25]

- **Ease of implementation:** Research shows that paid sick days have minimal effect on business operations. Most San Francisco employers reported that implementing the Paid Sick Leave Ordinance was not difficult.[26] Likewise, about two thirds of Seattle employers reported that implementing the Paid Sick and Safe Time Ordinance was not very difficult, and 70 percent expressed support for the policy a year after implementation of the Ordinance.[27] Similarly, a large majority of Connecticut employers surveyed in 2013 indicated that the Paid Sick Leave Law did not burden business operations.[28]

- **Employees use paid sick days judiciously:** Several years after the implementation of San Francisco's paid sick days law, an IWPR survey of 1,194 workers found that employees in San Francisco used fewer than half of the sick days available under the paid sick leave ordinance.[29] Using data from the 2014 NHIS, IWPR found that most workers who do have access to paid sick days do not use any in a given year.[30] In regions that have passed paid sick day laws, surveys suggest that abuse of paid sick days is rare. Among 228 Connecticut employers surveyed by the Center for Economic and Policy Research, 86 percent reported no known cases of abuse more than a year after paid sick days was implemented.[31] A report published by the City of Seattle auditor finds that more than nine in ten Seattle employers surveyed in 2012 had never reprimanded an employee for abusing paid sick days.[32]

- **Sustained job growth and employment:** In contrast to messaging communicated by big business lobbyists prior to the laws' passage, both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed.[33] In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates.[34]

- **Improved employee morale, motivation, loyalty, and productivity**: Over a quarter of Connecticut employers reported improved morale, 12.5 percent reported increased employee motivation, 10.6 percent reported increased loyalty, and 14.9 percent reported increased productivity after implementation of the state's paid sick days law.[35]

- **Improved work life balance for employees:** A 2010 IWPR survey found that one out of four San Francisco employees reported that paid sick days enabled them to better care for their own and their families' health needs. In addition, nearly 30 percent reported that their employers were more supportive when they needed to use their leave than they were

prior to the law's passage. More than half of all San Francisco workers reported at least one benefit as a result of the ordinance.[36]

- **Reduced flu contagion in locations with paid sick day laws:** One recent study used Google Flu data from 2003 to 2015 to show that influenza-like infection rates decrease significantly when workers gain access to paid sick days. By comparing the rates of influenza-like illnesses in regions with paid sick days policies—including the District of Columbia, Connecticut, California, Massachusetts, and Oregon—with those lacking such laws, the study finds that infection rates decrease by about 10 percent when employees without coverage obtain paid sick days.[37]

Conclusion

Literature spanning the fields of public health, economics, sociology, medicine, social work, and public policy converge to reflect the health, employment, and economic benefits of paid sick days. Research suggests that more widespread implementation of paid sick days policies would have a substantial positive impact on the well-being of children, families, and communities across the United States.

Notes

[1] For a complete list of paid sick days laws and their provisions, see: A Better Balance, "Overview of Paid Sick Time Laws in the United States," <http://www.abetterbalance.org/web/images/stories/Documents/sickdays/factsheet/PSDchart.pdf> (accessed May 4, 2016).
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[4] Robert Drago and Kevin Miller, "Sick at Work: Infected Employees in the Workplace During the H1N1 Pandemic," Institute for Women's Policy Research (January 2010) <http://iwpr.org/publications/pubs/sick-at-work-infected-employees-in-the-workplace-during-the-h1n1-pandemic > (accessed March 18, 2016).
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[9] Pana Asfaw, Regina Pana-Cryan, and Roger Rosa, "Paid Sick Leave and Nonfatal Occupational Injuries," *American Journal of Public Health* 102(9): e59-e64 (September 2012).
[10] Heather Hill, "Paid Sick Leave and Job Stability," *Work and Occupations* 40(2): 143-173 (2013).
[11] Heather Boushey and Sarah Jane Glynn, "There Are Significant Business Costs to Replacing Employees," Center for American Progress (November 16, 2012) <https://www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf> (accessed January 12, 2016).
[12] Lucy A. Peipins, Ashwini Soman, Zahava Berkowitz, and Mary C. White, "The lack of paid sick leave as a barrier to cancer screening and medical care-seeking: results from the National Health Interview Survey," *BMC Public Health* 12: 520 (2012).
[13] Institute of Medicine, "Care Without Coverage: Too Little, Too Late," (May 2002) <https://iom.nationalacademies.org/~/media/Files/Report%20Files/2003/Care-Without-Coverage-Too-Little-Too-Late/Uninsured2FINAL.pdf> (accessed January 12, 2016).
[14] LeaAnne De Ringe, Patricia Stoddard-Dare, and Linda Quinn, "Workers Without Paid Sick Leave Less Likely to Take Time Off For Illness Or Injury Compared To Those With Paid Sick Leave," *Health Affairs* 35(3): 520-527 (2016).
[15] Kevin Miller, Claudia Williams, and Youngmin Yi, "Paid Sick Days and Health: Cost Savings from Reduced Emergency Department Visits," Institute for Women's Policy Research (November 2011) <http://iwpr.org/publications/pubs/paid-sick-days-and-health-cost-savings-from-reduced-emergency-department-visits> (accessed March 18, 2016).
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[21] Dan Witters, "Caregiving Costs U.S. Economy $25.2 Billion in Lost Productivity," *Gallup* (July 27, 2011) <http://www.gallup.com/poll/148670/caregiving-costs-economy-billion-lost-productivity.aspx> (accessed January 12, 2016).
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[25] Robert Drago and Vicky Lovell, *San Francisco's Paid Sick Leave Ordinance: Outcomes for Employers and Employees*, Institute for Women's Policy Research (February 2011) <http://iwpr.org/publications/pubs/San-Fran-PSD> (accessed March 18, 2016).
[26] ibid.
[27] Jennifer Romich with Wes Bignell, Tracy Brazg, Chantel Johnson, Cori Mar, Jennifer Morton, and Chiho Song, "Implementation and Early Outcomes of the City of Seattle Paid Sick and Safe Time Ordinance," (April 23, 2014)

<http://www.seattle.gov/Documents/Departments/CityAuditor/auditreports/PSSTOUWReportwAppendices.pdf> (accessed January 12, 2016).
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[29] Robert Drago and Vicky Lovell, *San Francisco's Paid Sick Leave Ordinance: Outcomes for Employers and Employees*, Institute for Women's Policy Research (February 2011) <http://iwpr.org/publications/pubs/San-Fran-PSD> (accessed March 18, 2016).
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Funding for this briefing paper was provided by the Ford Foundation and the Annie E. Casey Foundation.

For more information on IWPR reports or membership, please call (202) 785-5100, e-mail iwpr@iwpr.org, or visit www.iwpr.org.

The Institute for Women's Policy Research (IWPR) conducts rigorous research and disseminates its findings to address the needs of women, promote public dialogue, and strengthen families, communities, and societies. The Institute works with policymakers, scholars, and public interest groups to design, execute, and disseminate research that illuminates economic and social policy issues affecting women and their families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR's work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations and corporations. IWPR is a 501(c)(3) tax-exempt organization that also works in affiliation with the women's studies, and public policy and public administration programs at The George Washington University.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Ethics Commission,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Clay County Board of Election Commissioners, Harris-Stowe State University, Lincoln University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local governments expect no direct costs from this proposal, but indicated unknown higher costs for goods and services may result. Any change in tax revenue for state and local governments is unknown.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

November 17, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
NOV 17 2016
STATE AUDITORS OFFICE

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 285, version 3 (2018-030)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 16, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 16 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

Section 285.055 of the Revised Statutes of Missouri is amended and fifteen new sections to be known as sections 285.600, 285.603, 285.606, 285.609, 285.612, 285.615, 285.618, 285.621, 285.624, 285.627, 285.630, 285.633, 285.636, 285.639, and 285.642 are enacted to read as follows:

285.055. 1. As used in this section, the following terms shall mean:

(1) "Employee", an individual employed in this state by an employer;

(2) "Employer", any individual, sole proprietorship, partnership, limited liability company, corporation, or any other entity that is legally doing business in this state; provided, however, that employer shall not include any public employer as defined in section 285.525;

(3) "Employment benefits", anything of value that an employee may receive from an employer in addition to wages and salary. The term includes, but is not limited to, health, disability, retirement, profit-sharing, and death benefits; group accidental death and dismemberment benefits; paid or unpaid days off from work for holidays, [sick leave,] vacation, and personal necessity; and terms of employment, attendance, or leave policies; provided, however, that for purposes of this section, "employment benefits" does not include paid or unpaid days off from work for sick leave that can be used for the purposes listed in subsection (1) of section 285.606.

(4) "Political subdivision", any county, city, town, or village.

2. No political subdivision shall establish, mandate, or otherwise require an employer to provide to an employee:

(1) A minimum or living wage rate; or

(2) Employment benefits;

that exceed the requirements of federal or state laws, rules, or regulations. The provisions of this subsection shall not preempt any state law or local minimum wage ordinance requirements in effect on August 28, 2015.

285.600. As used in sections 285.600 through 285.642:

(1) "Construction", includes construction, reconstruction, improvement, enlargement, alteration, painting and decorating, or major repair.

(2) "Construction industry", includes any employer whose employees conduct or perform construction as a principal component of the employer's business or enterprise.

(3) "Department", Department of Labor and Industrial Relations.

(4) "Director", Director of the Department of Labor and Industrial Relations.

(5) "Earned paid sick time", time that is compensated at the same hourly rate and with the same benefits, including health care benefits, as the employee normally earns during hours worked and is provided by an employer to an employee for the purposes described in section 285.606, but in no case shall this hourly amount be less than that provided under section 290.502.

(6) "Employee", any individual employed in this state by an employer, but does not include:

(A) Any individual engaged in the activities of an educational, charitable, religious, or nonprofit organization where the employer-employee relationship does not, in fact, exist or where the services rendered to the organization are on a voluntary basis;

(B) Any individual standing in loco parentis to foster children in their care;

(C) Any individual employed for less than four months in any year in a resident or day camp for children or youth, or any individual employed by an educational conference center operated by an educational, charitable or not-for-profit organization;

(D) Any individual engaged in the activities of an educational organization where employment by the organization is in lieu of the requirement that the individual pay the cost of tuition, housing or other educational fees of the organization or where earnings of the individual employed by the organization are credited toward the payment of the cost of tuition, housing or other educational fees of the organization;

(E) Any individual employed on or about a private residence on an occasional basis for six hours or less on each occasion;

(F) Any individual employed on a casual basis to provide baby-sitting services;

(G) Any individual employed by an employer subject to the provisions of part A of subtitle IV of title 49, United States Code, 49 U.S.C. §§ 10101 et seq.;

(H) Any individual employed on a casual or intermittent basis as a golf caddy, newsboy, or in a similar occupation;

(I) Any individual who is employed in any government position defined in 29 U.S.C. §§ 203(e)(2)(C)(i)-(ii); or

(J) Any individual who is an offender, as defined in section 217.010, who is incarcerated in any correctional facility operated by the department of corrections, including offenders who provide labor or services on the grounds of such correctional facility pursuant to section 217.550.

(7) "Employer", any person acting directly or indirectly in the interest of an employer in relation to an employee; provided, however, that for the purposes of sections 285.600 through 285.642, "employer" does not include the United States Government, the state, or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state.

(8) "Family member", any of the following individuals:

(A) Regardless of age, a biological, adopted or foster child, stepchild or legal ward, a child of a domestic partner, a child to whom the employee stands in loco parentis, or an individual to whom the employee stood in loco parentis when the individual was a minor;

(B) A biological, foster, stepparent or adoptive parent or legal guardian of an employee or an employee's spouse or domestic partner or an individual who stood in loco parentis when the employee or employee's spouse or domestic partner was a minor child;

(C) An individual to whom the employee is legally married under the laws of any state, or a domestic partner who is registered as such under the laws of a political subdivision;

(D) A grandparent, grandchild, or sibling (whether of a biological, foster, adoptive or step relationship) of the employee or the employee's spouse or domestic partner; or

(E) A member of the employee's household.

(9) "Health care professional," any individual licensed under Federal or State law to provide medical or emergency services, including but not limited to doctors, nurses, certified nurse midwives, and emergency room personnel.

(10) "Person", any individual, partnership, association, corporation, business, business trust, legal representative, or any organized group of persons.

(11) "Retaliatory personnel action", denial of any right guaranteed under sections 285.600 through 285.642, or any threat, discharge, suspension, demotion, reduction of hours, or any other adverse action against an employee for the exercise of any right guaranteed herein. "Retaliatory personnel action" shall also include interference with or punishment for in any manner participating in or assisting an investigation, proceeding, or hearing under sections 285.600 through 285.642.

(12) "Year", a regular and consecutive twelve-month period as determined by the employer; except that for the purposes of section 285.615 and section 285.627, "year" shall mean a calendar year.

285.603. 1. Employees of an employer with fifteen or more employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than forty hours of earned paid sick time per year, unless the employer selects a higher limit.

2. Employees of an employer with fewer than fifteen employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than twenty-four hours of earned paid sick time per year, unless the employer selects a higher limit.

3. In determining the number of employees performing work for an employer for compensation during a given week, all employees performing work for compensation on a full-time, part-time, or temporary basis shall be counted. In situations in which the number of employees who work for an employer for compensation per week fluctuates above and below fifteen employees per week over the course of the year, an employer is required to provide earned paid sick time pursuant to subsection (1) of this section if it maintained fifteen or more employees on the payroll for some portion of a day in each of twenty different calendar weeks, whether or not the weeks were consecutive, in either the current or the preceding year (irrespective of whether the same individuals were in employment in each day).

4. All employees shall accrue earned paid sick time as follows:

(A) Earned paid sick time as provided in this section shall begin to accrue at the commencement of employment or ninety days after this law goes into effect, whichever is later. An employer may provide all paid sick time that an employee is expected to accrue in a year at the beginning of the year.

(B) An employee may use earned paid sick time as it is accrued, except that an employer may require an employee hired more than ninety days after this law goes into effect to wait until the ninetieth calendar day after commencing employment before using accrued earned paid sick time, unless otherwise permitted by the employer.

(C) Employees who are exempt from overtime requirements under 29 U.S.C. § 213(a)(1) of the Federal Fair Labor Standards Act will be assumed to work forty hours in each work week for purposes of earned paid sick time accrual unless their normal work week is less than forty hours, in which case earned paid sick time accrues based upon that normal work week.

(D) Earned paid sick time shall be carried over to the following year, subject to the limitations on usage in subsections (1) and (2) of this section. Alternatively, in lieu of carryover of unused earned paid sick time from one year to the next, an employer may pay an employee for unused earned paid sick time at the end of a year and provide the employee with an amount of paid sick time that meets or exceeds the requirements of sections 285.600 through 285.642 that is available for the employee's immediate use at the beginning of the subsequent year.

(E) If an employee is transferred to a separate division, entity, or location, but remains employed by the same employer, the employee is entitled to all earned paid sick time accrued at the prior division, entity, or location and is entitled to use all earned paid sick time as provided in this section. When there is a separation from employment and the employee is rehired within nine months of separation by the same employer,

previously accrued earned paid sick time that had not been used shall be reinstated. Further, the employee shall be entitled to use accrued earned paid sick time and accrue additional earned paid sick time at the re-commencement of employment.

(F) When a different employer succeeds or takes the place of an existing employer, all employees of the original employer who remain employed by the successor employer are entitled to all earned paid sick time they accrued when employed by the original employer, and are entitled to use earned paid sick time previously accrued.

(G) At its discretion, an employer may loan earned paid sick time to an employee in advance of accrual by such employee.

5. Any employer with a paid leave policy, such as a paid time off policy, who makes available an amount of paid leave sufficient to meet the accrual requirements of this section that may be used for the same purposes and under the same conditions as earned paid sick time under sections 285.600 through 285.642 is not required to provide additional paid sick time.

6. Nothing in this section shall be construed as requiring financial or other reimbursement to an employee from an employer upon the employee's termination, resignation, retirement, or other separation from employment for accrued earned paid sick time that has not been used.

285.606. 1. Earned paid sick time shall be provided to an employee by an employer for:

(A) An employee's mental or physical illness, injury, or health condition; an employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; an employee's need for preventive medical care;

(B) Care of a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; care of a family member who needs preventive medical care; or

(C) Closure of the employee's place of business by order of a public official due to a public health emergency, or an employee's need to care for a child whose school or place of care has been closed by order of a public official due to a public health emergency, or care for oneself or a family member when it has been determined by the health authorities having jurisdiction or by a health care provider that the employee's or family member's presence in the community may jeopardize the health of others because of his or her exposure to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

2. Earned paid sick time shall be provided upon the request of an employee. Such request may be made orally, in writing, by electronic means or by any other means acceptable to the employer. When possible, the request shall include the expected duration of the absence.

3. When the use of earned paid sick time is foreseeable, the employee shall make a good faith effort to provide notice of the need for such time to the employer in advance of the use of the earned paid sick time and shall make a reasonable effort to schedule the use of earned paid sick time in a manner that does not unduly disrupt the operations of the employer. Where such need is not foreseeable, an employer may require an employee to provide notice of the need for the use of earned paid sick time as soon as practicable.

4. An employer that requires notice of the need to use earned paid sick time where the need is not foreseeable shall provide a written policy that contains procedures for the employee to provide notice. An employer that has not provided to the employee a copy of its written policy for providing such notice shall not deny earned paid sick time to the employee based on non-compliance with such a policy.

5. An employer may not require, as a condition of an employee's taking earned paid sick time, that the employee search for or find a replacement worker to cover the hours during which the employee is using earned paid sick time.

6. Earned paid sick time may be used in the smaller of hourly increments or the smallest increment that the employer's payroll system uses to account for absences or use of other time.

7. For earned paid sick time of three or more consecutive work days, an employer may require reasonable documentation that the earned paid sick time has been used for a purpose covered by subsection (1) of this section. Documentation signed by a heath care professional indicating that earned paid sick time is necessary shall be considered reasonable documentation for purposes of this section. An employer may not require that the documentation explain the nature of the illness unless otherwise required by law.

285.609. 1. It shall be unlawful for an employer or any other person to interfere with, restrain, or deny the exercise of, or the attempt to exercise, any right protected under sections 285.600 through 285.642.

2. An employer shall not take retaliatory personnel action or discriminate against an employee or former employee because he or she has exercised rights protected under sections 285.600 through 285.642. Such rights include, but are not limited to, the right to request or use earned paid sick time pursuant to sections 285.600 through 285.642; the right to file a complaint or inform any person about any employer's alleged violation of sections 285.600 through 285.642; the right to participate in an investigation, hearing, or proceeding or cooperate with or assist the Department in any investigations of alleged violations of sections 285.600 through 285.642; and the right to inform any person of his or her potential rights under sections 285.600 through 285.642.

3. It shall be unlawful for an employer's absence control policy to count earned paid sick time taken under sections 285.600 through 285.642 as an absence that may lead to or result in discipline, discharge, demotion, suspension, or any other adverse action.

4. Protections of this section shall apply to any individual who mistakenly but in good faith alleges violations of sections 285.600 through 285.642.

285.612. 1. Employers shall give employees written notice of the following at the commencement of employment or by ninety days after this law goes into effect, whichever is later: employees are entitled to earned paid sick time and the amount of earned paid sick time, the terms of its use guaranteed under sections 285.600 through 285.642, that retaliatory personnel action against employees who request or use earned paid sick time is prohibited, that each employee has the right to bring a civil action if earned paid sick time as required by sections 285.600 through 285.642 is denied by the employer or the employee is subjected to retaliatory personnel action for requesting or taking earned paid sick time, and, if applicable, the contact information for the Department where questions about rights and responsibilities under sections 285.600 through 285.642 may be answered.

2. Employers shall display a poster that contains the information required in subsection (1) of this section in a conspicuous and accessible place in each establishment where such employees are employed, provided that such poster has been provided by the Department.

3. The Department may create and make available to employers, model notices and posters that contain the information required under subsection (1) of this section for employers' use in complying with subsections (1) and (2) of this section. Nothing in this subsection shall be interpreted or applied, either expressly or through practical necessity, to require the Department to create or make available notices or posters if it requires the appropriation of funds to cover the costs of such acts.

285.615. 1. Employers shall retain records documenting hours worked by employees and earned paid sick time taken by employees, for a period of not less than three years, and shall allow the Department access to such records, with appropriate notice and at a mutually agreeable time, to monitor compliance with the requirements of sections 285.600 through 285.642.

2. To the extent permitted by law, the Director may inspect such records, and the records shall be open for inspection by the Director by appointment. Where the records required under this section are kept outside the state, the records shall be made available to the Director upon demand. Every such employer shall furnish to the Director on demand a sworn statement of time records and information upon forms prescribed or approved by the Director. All the records and information obtained by the Department are confidential and shall be disclosed only on order of a court of competent jurisdiction.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department or Director to access or inspect records or to create forms relating to the inspection of records if it requires the appropriation of funds to cover the costs of such acts.

285.618. 1. The Department may, in accordance with chapter 536, promulgate rules to implement the provisions of sections 285.600 through 285.642. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2018, shall be invalid and void.

2. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the promulgation or adoption of rules if it requires the appropriation of funds to cover the costs of such acts.

285.621. 1. To the extent permitted by law, the Department may investigate and ascertain compliance with sections 285.600 through 285.642, establish and implement a system to receive complaints regarding non-compliance with sections 285.600 through 285.642 and to investigate and attempt to resolve complaints through mediation between the complainant and the subject of the complaint, and establish additional means of enforcement to the extent permitted by the law.

2. The Department may develop and implement an outreach program to inform employees, parents, and persons who are under the care of a health care provider about the availability of earned paid sick time under sections 285.600 through 285.642. This program may include the distribution of notices and other written materials to child care and elder care providers, domestic violence shelters, schools, hospitals, community health centers and other health care providers in Missouri.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department to conduct investigations and ascertain compliance with sections 285.600 through 285.642, to establish and implement a system to receive or resolve complaints, to establish additional means of enforcement, or to conduct outreach and education, including the creation of notices and other written materials, concerning sections 285.600 through 285.642, if it requires the appropriation of funds to cover the costs of such acts.

285.624. 1. To the extent permitted by law, any employer who violates or fails to comply with any of the provisions and requirements of sections 285.600 through 285.642 shall be guilty of a class C misdemeanor and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for violation of a class C misdemeanor; provided, however, that an employer who willfully violates the notice and posting requirements of section 285.612 shall be guilty of an infraction and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for an infraction.

2. For purposes of this section, each day of violation or failure to comply and each employee affected shall constitute a separate offense.

285.627. 1. Any individual who claims to have been aggrieved by a failure of an employer to comply with any portion of sections 285.600 through 285.642, including but not limited to the failure to provide earned paid sick time or to allow employees to use such time consistent with sections 285.600 through 285.642, or who claims to have suffered a retaliatory personnel action, shall have a right of action and may commence a civil action in the appropriate court of jurisdiction within three years of the accrual of the cause of action, to obtain appropriate relief with respect to such unlawful violation.

2. In a civil action under this section, if the court finds a violation has occurred, the court may grant as relief, as it deems appropriate and to the extent permitted by law, any permanent or temporary injunction, the full amount of any unpaid earned sick time plus any actual damages suffered as the result of the employer's violation of sections 285.600 through 285.642, an additional amount equal to twice any unpaid earned sick time as liquidated damages, costs, and reasonable attorney's fees as may be allowed by the court, and other legal or equitable relief as may be appropriate to remedy the violation, including, without limitation, reinstatement to employment and back pay. Any agreement between the employee and the employer to waive the protections of sections 285.600 through 285.642, with the exception of section 285.633, shall be no defense to the action.

285.630. 1. Except as otherwise required by law, an employer may not require disclosure of details relating to an employee's or an employee's family member's health information as a condition of providing earned paid sick time under sections 285.600 through 285.642.

2. Unless as otherwise required by law, any health information possessed by an employer regarding an employee or employee's family member must:

(A) be maintained on a separate form and in a separate file from other personnel information;

(B) be treated as confidential medical records; and

(C) not be disclosed except to the affected employee or with the express written permission of the affected employee.

285.633. 1. All or any portion of the earned paid sick time requirements of sections 285.600 through 285.642 shall not apply to employees covered by a valid collective bargaining agreement, to the extent that such requirements are expressly waived in the collective bargaining agreement in clear and unambiguous terms; provided further, that no provisions of sections 285.600 through 285.642 shall apply to any employee engaged in construction work in the construction industry who is covered by a valid collective bargaining agreement.

2. Notwithstanding subsection (1) of this section, with respect to employees covered by a valid collective bargaining agreement in effect on the effective date of sections 285.600 through 285.642, no provisions of sections 285.600 through 285.642 shall apply until the stated expiration date in the collective bargaining agreement.

3. Nothing in sections 285.600 through 285.642 shall be deemed to interfere, impede, or otherwise diminish the right of employees to bargain collectively through representatives of their own choosing.

285.636. 1. Nothing in sections 285.600 through 285.642 shall be construed to discourage or prohibit an employer from the adoption or retention of an earned paid sick time policy more generous than the one required herein.

2. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the obligation of an employer to comply with any contract, collective bargaining agreement, employment benefit plan, or other agreement providing more generous paid sick time to an employee than required herein. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the rights of public employees regarding paid sick time or use of paid sick time as provided in the laws of Missouri pertaining to public employees.

285.639. 1. Sections 285.600 through 285.642 provide minimum requirements pertaining to earned paid sick time and shall not be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, requirement, policy, or standard that provides for greater accrual or use by employees of earned paid sick time or that extends other protections to employees.

2. Any county, city, town, or village in the state shall have the power and authority to establish, mandate, or otherwise require an employer to provide to an employee paid or unpaid days off from work for sick leave which exceeds the requirements of sections 285.600 through 285.642.

3. Nothing in sections 285.600 through 285.642 shall be interpreted or applied to create a power or obligation contrary to any federal law, rule, or regulation.

285.642. Except as detailed in section 285.618, all of the provisions of sections 285.600 through 285.642 are severable, and if any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 285.600 through 285.642 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application, and to this end the provisions of sections 285.600 through 285.642 are declared severable.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-030)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 285 of the Revised Statutes of Missouri. (Received November 17, 2016)

Date

December 7, 2016

Description

This proposal would amend Chapter 285 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Lottery,** the **Public Service Commission,** the **State Tax Commission,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Veterans Commission,** the **Missouri Ethics Commission,** the **Missouri Office of Prosecution Services,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St.**

Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** the **Lieutenant Governor's office,** the **Children's Trust Fund,** the **Missouri Joint Municipal Electric Utility Commission,** the **State Auditor's office, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and Missouri Jobs with Justice Voter Action provided information as proponents of the proposal to the State Auditor's office.

Officials from the **Attorney General's office** indicated various provisions of the proposal authorize their department to promulgate rules, establish mediation procedures "and additional means of enforcement… ." They assume that their office may provide some review of proposals, but assume that any potential costs arising from this proposal can be absorbed with existing resources. They may seek additional appropriations if there is an increased review of rules in later years.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will be deferring to the Office of Administration and the Department of Labor and Industrial Relations regarding any fiscal impact this initiative petition might have.

Officials from the **Department of Higher Education** indicated the state, including departments, are exempt from the definition of "employer," so this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated there is no fiscal impact to their department as a result of this initiative petition. Section 285.600 (5) indicates "for the purposes of sections 285.600 through 285.642 "employer" does not include the United States Government, the state, …., including a department, agency, …."

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated they expect no change in revenues or expenses in fiscal years 2017, 2018, and 2019.

The petition, if passed by voters, would require businesses with 15 or more employees to provide paid sick time. It also would allow their department to educate employers, take complaints, and perform investigations of violations of the new law.

The long-range fiscal implications are the same as those of the estimate period.

Under the new language, they may educate employers and employees, promulgate rules, take complaints, and conduct investigations of alleged violations of the new provisions. They believe the education, registration of complaints, and investigations would be conducted in a manner similar to those conducted under the Minimum Wage program. Using employer information from the United States Census Bureau for employers with more than ten employees, they estimate that it would receive complaints from 1.5% of the estimated 40,886 businesses with 10 or more employees, or 613 complaints annually. (The Census Bureau does not break employers at the 15 or more level.) To investigate these 613 complaints, they would require 3.50 Wage & Hour Investigator I/IIs. In FY 2016, 578 complaints were closed by 3.50 Investigators, averaging 165 per FTE. Using this calculation, they estimate it would need 3.50 FTE and the standard per FTE expenses and equipment to complete these activities.

However, Sections 285.612, 285.615, 285.618, and 285.621 expressly state that they are not required to take on the new duties it is authorized to perform under this proposal if doing so will require an appropriation to cover the costs of performing the duties. Because these duties are optional and are not required of their department, if there is no appropriation made to cover the cost, they estimate no mandated fiscal impact for this proposal.

Officials from the **Department of Revenue** indicated they defer this fiscal note to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they will defer to the Office of Administration response to this petition.

Officials from the **Department of Social Services** indicated they will defer to the Office of Administration response to this petition. They indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no fiscal impact to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated:

This initiative petition adds 15 new sections to Chapter 285 related to sick leave.

Under this proposal, employers would be required to provide paid sick leave to employees. The amount would be dependent upon the number of employees. It does not include employees covered under a valid collective bargaining agreement and it provides employees with an avenue of recourse if the employee claims to be aggrieved.

The State of Missouri is excluded from the provisions of this proposal, therefore there would be no statewide impact related to this proposal other than potentially higher costs for services purchased by the state. However, the Department of Labor and Industrial Relations (DOLIR) will be impacted. Budget and Planning defers to the DOLIR for the specific impact to that agency.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office, as they are an independent department within state government and by definition state employees are exempt from this proposed legislation.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated there is no impact on their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted because cities are not employers. An indirect cost to cities may arise through increased labor costs of those vendors contracting with the city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition could have a fiscal impact on local government.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined that for benefit eligible employees (defined as working .75 or >) that it does not appear that the proposed legislation as written would create a significant fiscal impact to their university.

Officials from the **Missouri Lottery** indicated no fiscal impact to their agency.

Officials from the **Public Service Commission** indicated no fiscal impact on their agency.

Officials from the **State Tax Commission** indicated this initiative petition pertaining to sick leave in Chapter 285 does not directly impact their office. As a state agency this matter is under the direction of Office of Administration, Division of Personnel.

Officials from the **Missouri Veterans Commission** indicated no fiscal impact to their agency.

Officials from the **Missouri Office of Prosecution Services** indicated no measurable fiscal impact to their office.

Officials from the **Kansas City Boards of Election Commissioners** indicated there is no fiscal impact with amendments to Chapter 285, Versions 1 -12, since the State is not responsible for costs associated with the November 2018 election.

Officials from the **Platte County Board of Elections** indicated the proposed initiative would have no fiscal impact on their office.

Officials from the **Jackson County Election Board** indicated no fiscal impact on their office.

Officials from the **Lieutenant Governor's office** indicated it is anticipated that this initiative petition will impose little to no costs or savings on their office.

Officials from the **Children's Trust Fund** indicated they are part of the Office of Administration and thus will be covered by the Office of Administration's official response. They will not be responding separately.

Officials from the **Missouri Joint Municipal Electric Utility Commission** indicated:

The Missouri Association of Municipal Utilities represents approximately 120 cities in Missouri providing utility services to their customer/owners. They do not represent cities in their general business operation. That representation is undertaken by the Missouri Municipal League and its executive director Dan Ross.

Based on a review of each of the 12 versions it appears that there would be no direct cost to any of their cities since the framers of the amendment specifically excluded cities from the definition of employers and city employees from coverage of the proposed changes.

However, it is possible that cities may experience some increases in the cost of goods and services consumed in the regular course of business as a result of higher labor input costs. It is impossible to accurately predict those increases other than to make you aware of the potential.

Officials from the **State Auditor's office** indicated there is no fiscal impact for their office.

Officials from **University of Central Missouri** indicated if they are included in the definition of "employer" that would be impacted by this legislation, they would have an additional cost of roughly $340,000. In fiscal year 2016, part-time employees worked nearly 679,000 hours. If each 30 hours resulted in one sick time hour, that would be 22,634 hours. At an average rate of $15/hour, that would have a fiscal impact of $340,000.

If the definition of employer is interpreted to exclude UCM because of its status as a state agency, then there would be no fiscal impact.

Officials from **Missouri State University** indicated no fiscal impact on their university.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Lara Granich and Missouri Jobs with Justice Voter Action provided the following information as proponents of this initiative petition.

November 28, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Earned Sick Time Petitions
Petitions numbered by MO SOS at 2018-28 to 2018-39

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Earned Sick Time Petitions.

This analysis uses data collected by the U.S. Bureau of Labor Statistics, the Centers for Disease Control and Prevention, and the U.S. Census Bureau to evaluate the impact of earned sick time laws in Missouri. This analysis uses findings from previous peer-reviewed research to estimate cost-savings associated with the proposed policies through reduced turnover, reduced spread of contagious disease in the workplace, prevention of productivity losses from employees working while sick, minimized nursing-home stays, and reduced norovirus outbreaks in nursing homes. We also address certain claims that have been made by opponents in the past.

I. Estimate of Number of Workers Affected Statewide

According to the Institute for Women's Policy Research, an estimated 1,002,116 private sector workers in Missouri, or 45.9 percent of the workforce, cannot earn a single paid sick day to use to recover from common illnesses or seek medical care.[1]

II. Direct Costs to State

As these proposed initiatives exclude public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Enforcement would be handled by existing staff at the Department of Labor.

III. Economic Literature on the Impact of Earned Sick Time on Businesses

This analysis quantifies only a subset of potential benefits, predicting a net economic benefit from both of the proposed laws. Likely additional benefits from paid sick days not quantified in this analysis include: reduced health care spending due to reduced public contagion and more timely and regular preventive care and treatment; improved economic security among families who receive pay on sick days and are less likely to be fired or disciplined for taking sick time; and improved school outcomes and reduced contagion in schools, when parents can avoid sending sick children to school or child care.

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country. There is no evidence of business closures/layoffs as a result of earned sick time laws. Both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed. In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates. 2

The Washington D.C. Auditor reported "that the Accrued Sick and Safe Leave Act did not have the economic impact of encouraging business owners to move a business from the District nor did the Act have the economic impact of discouraging business owners to locate a business in the District of Columbia."3 New York City reported that "New York City's economy has thrived since the enactment of PSL [paid sick leave]. Between January 2014 and January 2015, a period that covers the law's implementation, economic indicators were a cause for celebration, not concern as many had predicted." 4

[1] 1 Institute for Women's Policy Research & National Partnership for Women & Families. (2015, May). Workers' Access to Paid Sick Days in the States. Table 2. Retrieved 8 July 2015, from http://www.nationalpartnership.org/research-library/work-family/psd/workers-access-to-paid-sick-days-in-the-states.pdf

[2] http://iwpr.org/publications/pubs/paid-sick-days-benefit-employers-workers-and-the-economy

[3] http://www.dcauditor.org/reports/audit-accrued-sick-and-safe-leave-act-2008

[4] http://www1.nyc.gov/assets/dca/downloads/pdf/about/PaidSickLeaveLaw-FirstYearMilestones.pdf

Summary of Benefits Associated With Missouri's Proposed Earned Sick Time Law

Benefits	Firms with <50 Employees			Firms with 50+ Employees		
	Dollars	Average per-worker savings		Dollars	Average per-worker costs/savings	
BENEFITS						
Lower Turnover	$32,718,875			$146,675,016		
Reduced Flu Contagion in the Workplace	$1,334,044			$5,980,370		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Employers' Savings	**$34,052,920**	**$6.97**	**$0.21**	**$152,655,386**	**$9.44**	**$0.26**
Reduced Short-Term Nursing Home Stays	$2,415,006			$8,165,162		
Reduced Norovirus in Nursing Homes	$21,692			$93,129		
Reduced Flu Contagion	$233,249			$771,691		
Reduced Emergency Department Visits	$3,512,104			$11,619,581		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Community Savings	**$6,182,052**	**$1.26**	**$0.04**	**$20,649,564**	**$1.28**	**$0.03**

Note: "Small" firms are defined in the proposed laws at firms employing fewer than 15 employees and "Large" firms are defined as firms employing 15 or more employees.

Source: Institute for Women's Policy Research Analysis of the 2014 American Community Survey (ACS), the 2016 National Compensation Survey (NCS), the 2013-2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2010 Current Population Survey Displaced Worker, Employee Tenure, and Occupational Mobility Supplement File, and the 2014-2015 National Health Interview Survey (NHIS).

Note on Methodology

The estimates are based on analyses of the following data sets: the 2013–2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2014-2015 National Health Interview Survey (NHIS), the 2014 American Community Survey (ACS), the 2016 National Compensation Survey and the 2014 Medical Expenditure Panel Survey along with findings from previous peer-reviewed research.

This analysis was limited to only private sector workers as the proposed legislation only covers such workers. The proposed legislation does include some small exemptions for certain employees which this analysis does not account for. Excluding such workers would result in minor reductions in both the costs and benefits estimated, but general trends would remain the same. To learn more about the methodology and sources please see "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days"[5]

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,
Lara Granich
Missouri Jobs with Justice Voter Action

[5] Williams, Claudia. 2013. "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days." IWPR Publication No. B311. Washington, DC: Institute for Women's Policy Research.

INSTITUTE FOR WOMEN'S POLICY RESEARCH

Briefing Paper

www.iwpr.org

IWPR #B361 July 2016

Paid Sick Days Benefit Employers, Workers, and the Economy

Jessica Milli, PhD., Jenny Xia, and Jisun Min

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country.[1] Yet millions more still would not be paid if they need to stay at home when they are sick or need to care for a family member who is ill. As of 2014, 51 million workers lacked access to paid sick days.[2]

Research has documented many benefits of paid sick days policies for workers, businesses, and communities as a whole. These benefits would multiply substantially if more workers gained access to paid sick days. This briefing paper summarizes research on the benefits of paid sick days and the effects of paid sick days policies in places that have them.

Employers Benefit from Paid Sick Days

- **Reduced contagion in the workplace:** A 2010 survey conducted by the National Opinion Research Center found that employees without access to paid sick days are 1.5 times more likely than those with access to go to work with a contagious illness (55 percent compared with 37 percent).[3] Such "presenteeism" has serious public health consequences including flu contagion. A 2010 analysis of labor force and Centers for Disease Control data estimated that more than one in four private sector employees worked while ill with H1N1 during the 2009 H1N1 pandemic, resulting in the estimated infection of 7 million co-workers with H1N1. Work absences from illness dropped more precipitously among public sector workers than among private sector workers during the decline of the pandemic. Because employees in the public sector have greater access to paid sick days, the finding suggests that paid sick days played a role in slowing contagion and potentially in speeding recovery.[4] A 2013 study employed a model simulating influenza contagion to estimate reductions in contagion rates under a universal paid sick days policy. Using data from the American Community Survey, LandScan USA, and the U.S. Census, the study estimated that providing paid sick days would reduce workplace influenza infection in the United States by about 6 percent.[5]

- **Improved productivity:** When workers come to work sick, their productivity and performance suffer. Estimates of productivity losses vary across studies. A 1997 study polling 332 workers who had influenza-like illnesses found that workers on average reported being 46 percent less effective while ill at work.[6] A 2003 study based on interviews with more than 28,000 workers reported that on average, workers lose 1.32 hours per week of productive time due to personal health related reasons.[7] Since workers

with access to paid sick days are less likely to come to work sick and infect their co-workers,[8] paid sick days can prevent further productivity losses resulting from illness and contagion in the workplace.

- **Decreased workplace injuries:** Working while sick also puts employees at greater risk of injury on the job. A 2012 study using the 2005 through 2008 National Health Interview Survey (NHIS) found that after controlling for factors like survey year, occupational sector, firm size, region, and the availability of paid sick leave, workers with access to paid sick days are 28 percent less likely to be injured on the job than workers without this benefit.[9]

- **Decreased employee turnover:** A 2012 analysis of data collected between 2004 and 2006 through the Medical Expenditure Panel Survey (MEPS) finds that the likelihood of job separation decreases by about 25 percent when a worker has access to paid sick days, even after controlling for potential confounding factors such as workers' educational attainment, earnings, and race/ethnicity.[10] As employee turnover typically costs an employer between 10 and 30 percent of an employee's annual salary,[11] a reduction in turnover can result in significant reductions in employer costs.

Paid Sick Days Improve Public Health

- **Increased use of preventive care:** Since paid sick days can be used for doctor visits, workers with paid sick days are more likely to seek preventive care and to be screened for diseases such as cancer, which can lead to early detection and treatment. A 2012 study using 2008 National Health Interview Survey (NHIS) data finds that after controlling for sociodemographic and health-care-related factors, workers with paid sick days are significantly more likely to have had mammograms, Pap tests, and endoscopy, and to have seen a doctor during the previous year than those without the benefit.[12]

- **More timely treatment for illnesses:** Workers without paid sick days are more likely to delay medical care when they or a family member is ill which can lead to a more serious or prolonged illness.[13]A 2016 analysis of the 2013 NHIS—which controlled for demographic and health-related factors like race and ethnicity, occupation, annual family income, and health insurance coverage—indicates that workers without paid sick leave are three times more likely to forgo medical care for themselves, and 1.6 times more likely to forgo medical care for their families, compared with workers who have the benefit.[14] A 2011 analysis of the NHIS found that when they do seek care, workers without paid sick days—regardless of their educational attainment, income, race/ethnicity and other demographic characteristics—are more likely to use an emergency department for care.[15]

- **Improved family health:** Paid sick days may encourage workers to respond to their children's and family members' health needs in a timely manner, thereby improving overall health outcomes for their families. Paid sick days are a primary factor affecting whether a working parent will stay at home with a sick child rather than sending them to school or child care sick. The 2010 National Opinion Research Center Survey found that

28 percent of workers without paid sick days reported sending a sick child to school or child care, compared with 14 percent of workers with paid sick days.[16] A 2012 study analyzing the 2008 National Study of the Changing Workforce (NSCW) and controlling for worker and job characteristics finds that having paid sick days is associated with reduced work-family conflict, which lessens difficulties parents face in taking time off from work to care for a sick child.[17]

Paid Sick Days Bring Economic Benefits for Workers, Families, and Communities

- **Improved employment and earnings stability:** When incomes are not interrupted by unpaid leave, families experience greater financial stability and economic well-being. According to a 2010 poll, 16 percent of workers surveyed reported losing a job for missing work when they were sick or to care for an ill family member.[18] Research has shown that having paid sick days reduces the likelihood of a job separation by at least 25 percent.[19]

- **Improved labor force attachment among caregivers:** Informal caregivers whose work schedules are incompatible with the care needs of their family members may decrease their work hours or even leave the labor force completely.[20] One 2011 Gallup poll found that most caregivers, including parents, reported missing at least one full day of work to fulfill their caregiving duties with an average of 6.6 workdays missed per year.[21] Paid sick days, however, may provide sufficient leave to caregivers to allow them to maintain their desired level of employment while continuing to perform their caregiving work.

- **Savings from reduced utilization of hospital emergency departments and a lower monetary burden on taxpayers:** A 2011 study using the 2008 and 2009 NHIS finds that the annual number of emergency department visits per worker without paid sick days is greater than it is for those with the benefit. Using MEPS data on the cost of emergency department visits, the study estimates that a lack of paid sick days resulted in an estimated 1.3 million preventable emergency department visits every year in the United States in 2008, costing $1.1 billion more than office visits would have. Part of these costs—$500 million—were paid by public insurance programs such as Medicaid.[22]

Research Finds Benefits of Existing Paid Sick Days Laws and Minimal Costs to Employers

Since the implementation of the first paid sick days law in 2007, several studies have evaluated the impacts of the legislation, with a particular emphasis on the effects on employers. These evaluations have largely found that the overall impact on businesses was minimal. Many firms saw benefits from the policy and counted themselves as supporters after implementing it.

- **Minimal costs:** Costs to employers of providing paid sick days have been modest. In Seattle, evaluations found that the cost of providing paid sick leave in 2013 was only

about 0.4 percent of total firm revenue for the year.[23] In Connecticut, nearly half of 228 employers surveyed in 2013, a year and a half after the state's paid sick days law's implementation, reported having no increased overall cost, and 19.1 percent of employers reported an increased cost of less than 2 percent.[24] In San Francisco, the paid sick leave ordinance created additional costs for a relatively small share of employers. Six out of seven employers reported no adverse effects on profitability.[25]

- **Ease of implementation:** Research shows that paid sick days have minimal effect on business operations. Most San Francisco employers reported that implementing the Paid Sick Leave Ordinance was not difficult.[26] Likewise, about two thirds of Seattle employers reported that implementing the Paid Sick and Safe Time Ordinance was not very difficult, and 70 percent expressed support for the policy a year after implementation of the Ordinance.[27] Similarly, a large majority of Connecticut employers surveyed in 2013 indicated that the Paid Sick Leave Law did not burden business operations.[28]

- **Employees use paid sick days judiciously:** Several years after the implementation of San Francisco's paid sick days law, an IWPR survey of 1,194 workers found that employees in San Francisco used fewer than half of the sick days available under the paid sick leave ordinance.[29] Using data from the 2014 NHIS, IWPR found that most workers who do have access to paid sick days do not use any in a given year.[30] In regions that have passed paid sick day laws, surveys suggest that abuse of paid sick days is rare. Among 228 Connecticut employers surveyed by the Center for Economic and Policy Research, 86 percent reported no known cases of abuse more than a year after paid sick days was implemented.[31] A report published by the City of Seattle auditor finds that more than nine in ten Seattle employers surveyed in 2012 had never reprimanded an employee for abusing paid sick days.[32]

- **Sustained job growth and employment:** In contrast to messaging communicated by big business lobbyists prior to the laws' passage, both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed.[33] In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates.[34]

- **Improved employee morale, motivation, loyalty, and productivity**: Over a quarter of Connecticut employers reported improved morale, 12.5 percent reported increased employee motivation, 10.6 percent reported increased loyalty, and 14.9 percent reported increased productivity after implementation of the state's paid sick days law.[35]

- **Improved work life balance for employees:** A 2010 IWPR survey found that one out of four San Francisco employees reported that paid sick days enabled them to better care for their own and their families' health needs. In addition, nearly 30 percent reported that their employers were more supportive when they needed to use their leave than they were

prior to the law's passage. More than half of all San Francisco workers reported at least one benefit as a result of the ordinance.[36]

- **Reduced flu contagion in locations with paid sick day laws:** One recent study used Google Flu data from 2003 to 2015 to show that influenza-like infection rates decrease significantly when workers gain access to paid sick days. By comparing the rates of influenza-like illnesses in regions with paid sick days policies—including the District of Columbia, Connecticut, California, Massachusetts, and Oregon—with those lacking such laws, the study finds that infection rates decrease by about 10 percent when employees without coverage obtain paid sick days.[37]

Conclusion

Literature spanning the fields of public health, economics, sociology, medicine, social work, and public policy converge to reflect the health, employment, and economic benefits of paid sick days. Research suggests that more widespread implementation of paid sick days policies would have a substantial positive impact on the well-being of children, families, and communities across the United States.

Notes

[1] For a complete list of paid sick days laws and their provisions, see: A Better Balance, "Overview of Paid Sick Time Laws in the United States," <http://www.abetterbalance.org/web/images/stories/Documents/sickdays/factsheet/PSDchart.pdf> (accessed May 4, 2016).
[2] Jenny Xia, Jeffrey Hayes, Barbara Gault, and Hailey Nguyen, "Paid Sick Days Access and Usage Rates Vary by Race/Ethnicity, Occupation, and Earnings," Institute for Women's Policy Research (February 2016) <http://iwpr.org/publications/pubs/paid-sick-days-access-and-usage-rates-vary-by-race-ethnicity-occupation-and-earnings> (accessed March 18, 2016).
[3] Tom W. Smith and Jibum Kim, "Paid Sick Days: Attitudes and Experiences," Public Welfare Foundation (June 2010) <http://www.nationalpartnership.org/research-library/work-family/psd/paid-sick-days-attitudes-and-experiences.pdf> (accessed January 12, 2016).
[4] Robert Drago and Kevin Miller, "Sick at Work: Infected Employees in the Workplace During the H1N1 Pandemic," Institute for Women's Policy Research (January 2010) <http://iwpr.org/publications/pubs/sick-at-work-infected-employees-in-the-workplace-during-the-h1n1-pandemic > (accessed March 18, 2016).
[5] Supriya Kumar, John J. Grefenstette, David Galloway, Steven M. Albert, and Donald S. Burke, "Policies to Reduce Influenza in the Workplace: Impact Assessments Using an Agent-Based Model," *American Journal of Public Health* 103 (8): 1406-1411 (2013).
[6] M Keech, A.J. Scott, and P. J. J. Ryan, "The impact of influenza and influenza-like illness on productivity and healthcare resource utilization in a working population," *Occupational Medicine* 48 (2): 85-90 (1998).
[7] Walter F. Stewart, Judith A. Ricci, Elsbeth Chee, and David Morganstein, "Lost Productive Work Time Costs From Health Conditions in the United States: Results From the American Productivity Audit," American College of Occupational and Environmental Medicine (December 2003) < http://www.nationalpartnership.org/research-library/work-family/psd/lost-productive-work-time-american-productivity-audit.pdf> (accessed April 26th, 2016).
[8] Robert Drago and Kevin Miller, "Sick at Work: Infected Employees in the Workplace During the H1N1 Pandemic," Institute for Women's Policy Research (January 2010) <http://iwpr.org/publications/pubs/sick-at-work-infected-employees-in-the-workplace-during-the-h1n1-pandemic > (accessed March 18, 2016).

[9] Pana Asfaw, Regina Pana-Cryan, and Roger Rosa, "Paid Sick Leave and Nonfatal Occupational Injuries," *American Journal of Public Health* 102(9): e59-e64 (September 2012).
[10] Heather Hill, "Paid Sick Leave and Job Stability," *Work and Occupations* 40(2): 143-173 (2013).
[11] Heather Boushey and Sarah Jane Glynn, "There Are Significant Business Costs to Replacing Employees," Center for American Progress (November 16, 2012) <https://www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf> (accessed January 12, 2016).
[12] Lucy A. Peipins, Ashwini Soman, Zahava Berkowitz, and Mary C. White, "The lack of paid sick leave as a barrier to cancer screening and medical care-seeking: results from the National Health Interview Survey," *BMC Public Health* 12: 520 (2012).
[13] Institute of Medicine, "Care Without Coverage: Too Little, Too Late," (May 2002) <https://iom.nationalacademies.org/~/media/Files/Report%20Files/2003/Care-Without-Coverage-Too-Little-Too-Late/Uninsured2FINAL.pdf> (accessed January 12, 2016).
[14] LeaAnne De Ringe, Patricia Stoddard-Dare, and Linda Quinn, "Workers Without Paid Sick Leave Less Likely to Take Time Off For Illness Or Injury Compared To Those With Paid Sick Leave," *Health Affairs* 35(3): 520-527 (2016).
[15] Kevin Miller, Claudia Williams, and Youngmin Yi, "Paid Sick Days and Health: Cost Savings from Reduced Emergency Department Visits," Institute for Women's Policy Research (November 2011) <http://iwpr.org/publications/pubs/paid-sick-days-and-health-cost-savings-from-reduced-emergency-department-visits> (accessed March 18, 2016).
[16] Tom W. Smith and Jibum Kim, "Paid Sick Days: Attitudes and Experiences," Public Welfare Foundation (June 2010) <http://www.nationalpartnership.org/research-library/work-family/psd/paid-sick-days-attitudes-and-experiences.pdf> (accessed January 12, 2016).
[17] Kristin Smith and Andrew Schaefer, "Who Cares for the Sick Kids? Parents' Access to Paid Time to Care for a Sick child," The Carsey Institute, Issue Brief No. 51 (Spring 2012). <http://scholars.unh.edu/cgi/viewcontent.cgi?article=1170&context=carsey> (accessed January 12, 2016).
[18] Tom W. Smith and Jibum Kim, "Paid Sick Days: Attitudes and Experiences," Public Welfare Foundation (June 2010) <http://www.nationalpartnership.org/research-library/work-family/psd/paid-sick-days-attitudes-and-experiences.pdf> (accessed January 12, 2016).
[19] Heather Hill, "Paid Sick Leave and Job Stability," *Work and Occupations* 40(2): 143-173 (2013).
[20] Family Caregiver Alliance, "Selected Caregiver Statistics," (December 31, 2012) <https://caregiver.org/selected-caregiver-statistics> (accessed January 12, 2016).
[21] Dan Witters, "Caregiving Costs U.S. Economy $25.2 Billion in Lost Productivity," *Gallup* (July 27, 2011) <http://www.gallup.com/poll/148670/caregiving-costs-economy-billion-lost-productivity.aspx> (accessed January 12, 2016).
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[23] Jennifer Romich with Wes Bignell, Tracy Brazg, Chantel Johnson, Cori Mar, Jennifer Morton, and Chiho Song, "Implementation and Early Outcomes of the City of Seattle Paid Sick and Safe Time Ordinance," (April 23, 2014) <http://www.seattle.gov/Documents/Departments/CityAuditor/auditreports/PSSTOUWReportwAppendices.pdf> (accessed January 12, 2016).
[24] Eileen Appelbaum, Ruth Milkman, Luke Elliott, and Teresa Kroeger, "Good for Business? Connecticut's Paid Sick Leave Law," Center for Economic and Policy Research (2014) <http://www.cepr.net/documents/good-for-buisness-2014-02-21.pdf> (accessed January 12, 2016).
[25] Robert Drago and Vicky Lovell, *San Francisco's Paid Sick Leave Ordinance: Outcomes for Employers and Employees*, Institute for Women's Policy Research (February 2011) <http://iwpr.org/publications/pubs/San-Fran-PSD> (accessed March 18, 2016).
[26] ibid.
[27] Jennifer Romich with Wes Bignell, Tracy Brazg, Chantel Johnson, Cori Mar, Jennifer Morton, and Chiho Song, "Implementation and Early Outcomes of the City of Seattle Paid Sick and Safe Time Ordinance," (April 23, 2014)

<http://www.seattle.gov/Documents/Departments/CityAuditor/auditreports/PSSTOUWReportwAppendices.pdf> (accessed January 12, 2016).
[28] Eileen Appelbaum, Ruth Milkman, Luke Elliott, and Teresa Kroeger, "Good for Business? Connecticut's Paid Sick Leave Law," Center for Economic and Policy Research (2014) <http://www.cepr.net/documents/good-for-buisness-2014-02-21.pdf> (accessed January 12, 2016).
[29] Robert Drago and Vicky Lovell, *San Francisco's Paid Sick Leave Ordinance: Outcomes for Employers and Employees*, Institute for Women's Policy Research (February 2011) <http://iwpr.org/publications/pubs/San-Fran-PSD> (accessed March 18, 2016).
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[31] Eileen Appelbaum, Ruth Milkman, Luke Elliott, and Teresa Kroeger, "Good for Business? Connecticut's Paid Sick Leave Law," Center for Economic and Policy Research (2014) <http://www.cepr.net/documents/good-for-buisness-2014-02-21.pdf> (accessed January 12, 2016).
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[36] Robert Drago and Vicky Lovell, *San Francisco's Paid Sick Leave Ordinance: Outcomes for Employers and Employees*, Institute for Women's Policy Research (February 2011) <http://iwpr.org/publications/pubs/San-Fran-PSD> (accessed March 18, 2016).
[37] Stefan Pichler and Nicolas R. Ziebarth, "The Pros and Cons of Sick Pay Schemes," DIW Berlin (2015) < https://www.diw.de/documents/publikationen/73/diw_01.c.514633.de/dp1509.pdf> (accessed April 26, 2016).

Funding for this briefing paper was provided by the Ford Foundation and the Annie E. Casey Foundation.

For more information on IWPR reports or membership, please call (202) 785-5100, e-mail iwpr@iwpr.org, or visit www.iwpr.org.

The Institute for Women's Policy Research (IWPR) conducts rigorous research and disseminates its findings to address the needs of women, promote public dialogue, and strengthen families, communities, and societies. The Institute works with policymakers, scholars, and public interest groups to design, execute, and disseminate research that illuminates economic and social policy issues affecting women and their families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR's work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations and corporations. IWPR is a 501(c)(3) tax-exempt organization that also works in affiliation with the women's studies, and public policy and public administration programs at The George Washington University.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Ethics Commission,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Clay County Board of Election Commissioners, Harris-Stowe State University, Lincoln University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local governments expect no direct costs from this proposal, but indicated unknown higher costs for goods and services may result. Any change in tax revenue for state and local governments is unknown.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

November 17, 2016

RECEIVED
NOV 17 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 285, version 2 (2018-029)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 16, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 16 2016
MO. SECRETARY OF STATE

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

Fifteen new sections to be known as sections 285.600, 285.603, 285.606, 285.609, 285.612, 285.615, 285.618, 285.621, 285.624, 285.627, 285.630, 285.633, 285.636, 285.639, and 285.642 are enacted to read as follows:

285.600. As used in sections 285.600 through 285.642:

(1) "Department", Department of Labor and Industrial Relations.

(2) "Director", Director of the Department of Labor and Industrial Relations.

(3) "Earned paid sick time", time that is compensated at the same hourly rate and with the same benefits, including health care benefits, as the employee normally earns during hours worked and is provided by an employer to an employee for the purposes described in section 285.606, but in no case shall this hourly amount be less than that provided under section 290.502.

(4) "Employee", any individual employed in this state by an employer, but does not include:

(A) Any individual engaged in the activities of an educational, charitable, religious, or nonprofit organization where the employer-employee relationship does not, in fact, exist or where the services rendered to the organization are on a voluntary basis;

(B) Any individual standing in loco parentis to foster children in their care;

(C) Any individual employed for less than four months in any year in a resident or day camp for children or youth, or any individual employed by an educational conference center operated by an educational, charitable or not-for-profit organization;

(D) Any individual engaged in the activities of an educational organization where employment by the organization is in lieu of the requirement that the individual pay the cost of tuition, housing or other educational fees of the organization or where earnings of the individual employed by the organization are credited toward the payment of the cost of tuition, housing or other educational fees of the organization;

(E) Any individual employed on or about a private residence on an occasional basis for six hours or less on each occasion;

(F) Any individual employed on a casual basis to provide baby-sitting services;

(G) Any individual employed by an employer subject to the provisions of part A of subtitle IV of title 49, United States Code, 49 U.S.C. §§ 10101 et seq.;

(H) Any individual employed on a casual or intermittent basis as a golf caddy, newsboy, or in a similar occupation;

(I) Any individual who is employed in any government position defined in 29 U.S.C. §§ 203(e)(2)(C)(i)-(ii); or

(J) Any individual who is an offender, as defined in section 217.010, who is incarcerated in any correctional facility operated by the department of corrections, including offenders who provide labor or services on the grounds of such correctional facility pursuant to section 217.550.

(5) "Employer", any person acting directly or indirectly in the interest of an employer in relation to an employee; provided, however, that for the purposes of sections 285.600 through 285.642, "employer" does not include the United States Government, the state, or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state.

(6) "Family member", any of the following individuals:

(A) Regardless of age, a biological, adopted or foster child, stepchild or legal ward, a child of a domestic partner, a child to whom the employee stands in loco parentis, or an individual to whom the employee stood in loco parentis when the individual was a minor;

(B) A biological, foster, stepparent or adoptive parent or legal guardian of an employee or an employee's spouse or domestic partner or an individual who stood in loco parentis when the employee or employee's spouse or domestic partner was a minor child;

(C) An individual to whom the employee is legally married under the laws of any state, or a domestic partner who is registered as such under the laws of a political subdivision;

(D) A grandparent, grandchild, or sibling (whether of a biological, foster, adoptive or step relationship) of the employee or the employee's spouse or domestic partner; or

(E) A member of the employee's household.

(7) "Health care professional," any individual licensed under Federal or State law to provide medical or emergency services, including but not limited to doctors, nurses, certified nurse midwives, and emergency room personnel.

(8) "Person", any individual, partnership, association, corporation, business, business trust, legal representative, or any organized group of persons.

(9) "Retaliatory personnel action", denial of any right guaranteed under sections 285.600 through 285.642, or any threat, discharge, suspension, demotion, reduction of hours, or any other adverse action against an employee for the exercise of any right guaranteed herein. "Retaliatory personnel action" shall also include interference with or punishment for in any manner participating in or assisting an investigation, proceeding, or hearing under sections 285.600 through 285.642.

(10) "Year", a regular and consecutive twelve-month period as determined by the employer; except that for the purposes of section 285.615 and section 285.627, "year" shall mean a calendar year.

285.603. 1. Employees of an employer with fifteen or more employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than forty hours of earned paid sick time per year, unless the employer selects a higher limit.

2. Employees of an employer with fewer than fifteen employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than twenty-four hours of earned paid sick time per year, unless the employer selects a higher limit.

3. In determining the number of employees performing work for an employer for compensation during a given week, all employees performing work for compensation on a full-time, part-time, or temporary basis shall be counted. In situations in which the number of employees who work for an employer for compensation per week fluctuates above and below fifteen employees per week over the course of the year, an employer is required to provide earned paid sick time pursuant to subsection (1) of this section if it maintained fifteen or more employees on the payroll for some portion of a day in each of twenty different calendar weeks, whether or not the weeks were consecutive, in either the current or the preceding year (irrespective of whether the same individuals were in employment in each day).

4. All employees shall accrue earned paid sick time as follows:

(A) Earned paid sick time as provided in this section shall begin to accrue at the commencement of employment or ninety days after this law goes into effect, whichever is later. An employer may provide all paid sick time that an employee is expected to accrue in a year at the beginning of the year.

(B) An employee may use earned paid sick time as it is accrued, except that an employer may require an employee hired more than ninety days after this law goes into effect to wait until the ninetieth calendar day after commencing employment before using accrued earned paid sick time, unless otherwise permitted by the employer.

(C) Employees who are exempt from overtime requirements under 29 U.S.C. § 213(a)(1) of the Federal Fair Labor Standards Act will be assumed to work forty hours in each work week for purposes of earned paid sick time accrual unless their normal work week is less than forty hours, in which case earned paid sick time accrues based upon that normal work week.

(D) Earned paid sick time shall be carried over to the following year, subject to the limitations on usage in subsections (1) and (2) of this section. Alternatively, in lieu of carryover of unused earned paid sick time from one year to the next, an employer may pay an employee for unused earned paid sick time at the end of a year and provide the employee with an amount of paid sick time that meets or exceeds the requirements of sections 285.600 through 285.642 that is available for the employee's immediate use at the beginning of the subsequent year.

(E) If an employee is transferred to a separate division, entity, or location, but remains employed by the same employer, the employee is entitled to all earned paid sick time accrued at the prior division, entity, or location and is entitled to use all earned paid sick time as provided in this section. When there is a separation from employment and the employee is rehired within nine months of separation by the same employer, previously accrued earned paid sick time that had not been used shall be reinstated. Further, the employee shall be entitled to use accrued earned paid sick time and accrue additional earned paid sick time at the re-commencement of employment.

(F) When a different employer succeeds or takes the place of an existing employer, all employees of the original employer who remain employed by the successor employer are entitled to all earned paid sick time they accrued when employed by the original employer, and are entitled to use earned paid sick time previously accrued.

(G) At its discretion, an employer may loan earned paid sick time to an employee in advance of accrual by such employee.

5. Any employer with a paid leave policy, such as a paid time off policy, who makes available an amount of paid leave sufficient to meet the accrual requirements of this section that may be used for the same purposes and under the same conditions as earned paid sick time under sections 285.600 through 285.642 is not required to provide additional paid sick time.

6. Nothing in this section shall be construed as requiring financial or other reimbursement to an employee from an employer upon the employee's termination, resignation, retirement, or other separation from employment for accrued earned paid sick time that has not been used.

285.606. 1. Earned paid sick time shall be provided to an employee by an employer for:

(A) An employee's mental or physical illness, injury, or health condition; an employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; an employee's need for preventive medical care;

(B) Care of a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; care of a family member who needs preventive medical care; or

(C) Closure of the employee's place of business by order of a public official due to a public health emergency, or an employee's need to care for a child whose school or place of care has been closed by order of a public official due to a public health emergency, or care for oneself or a family member when it has been

determined by the health authorities having jurisdiction or by a health care provider that the employee's or family member's presence in the community may jeopardize the health of others because of his or her exposure to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

2. Earned paid sick time shall be provided upon the request of an employee. Such request may be made orally, in writing, by electronic means or by any other means acceptable to the employer. When possible, the request shall include the expected duration of the absence.

3. When the use of earned paid sick time is foreseeable, the employee shall make a good faith effort to provide notice of the need for such time to the employer in advance of the use of the earned paid sick time and shall make a reasonable effort to schedule the use of earned paid sick time in a manner that does not unduly disrupt the operations of the employer. Where such need is not foreseeable, an employer may require an employee to provide notice of the need for the use of earned paid sick time as soon as practicable.

4. An employer that requires notice of the need to use earned paid sick time where the need is not foreseeable shall provide a written policy that contains procedures for the employee to provide notice. An employer that has not provided to the employee a copy of its written policy for providing such notice shall not deny earned paid sick time to the employee based on non-compliance with such a policy.

5. An employer may not require, as a condition of an employee's taking earned paid sick time, that the employee search for or find a replacement worker to cover the hours during which the employee is using earned paid sick time.

6. Earned paid sick time may be used in the smaller of hourly increments or the smallest increment that the employer's payroll system uses to account for absences or use of other time.

7. For earned paid sick time of three or more consecutive work days, an employer may require reasonable documentation that the earned paid sick time has been used for a purpose covered by subsection (1) of this section. Documentation signed by a heath care professional indicating that earned paid sick time is necessary shall be considered reasonable documentation for purposes of this section. An employer may not require that the documentation explain the nature of the illness unless otherwise required by law.

285.609. 1. It shall be unlawful for an employer or any other person to interfere with, restrain, or deny the exercise of, or the attempt to exercise, any right protected under sections 285.600 through 285.642.

2. An employer shall not take retaliatory personnel action or discriminate against an employee or former employee because he or she has exercised rights protected under sections 285.600 through 285.642. Such rights include, but are not limited to, the right to request or use earned paid sick time pursuant to sections 285.600 through 285.642; the right to file a complaint or inform any person about any employer's alleged violation of sections 285.600 through 285.642; the right to participate in an investigation, hearing, or proceeding or cooperate with or assist the Department in any investigations of alleged violations of sections 285.600 through 285.642; and the right to inform any person of his or her potential rights under sections 285.600 through 285.642.

3. It shall be unlawful for an employer's absence control policy to count earned paid sick time taken under sections 285.600 through 285.642 as an absence that may lead to or result in discipline, discharge, demotion, suspension, or any other adverse action.

4. Protections of this section shall apply to any individual who mistakenly but in good faith alleges violations of sections 285.600 through 285.642.

285.612. 1. Employers shall give employees written notice of the following at the commencement of employment or by ninety days after this law goes into effect, whichever is later: employees are entitled to earned paid sick time and the amount of earned paid sick time, the terms of its use guaranteed under sections 285.600 through 285.642, that retaliatory personnel action against employees who request or use earned paid sick time is prohibited, that each employee has the right to bring a civil action if earned paid sick time as required by sections 285.600 through 285.642 is denied by the employer or the employee is subjected to retaliatory personnel action for requesting or taking earned paid sick time, and, if applicable, the contact information for the Department where questions about rights and responsibilities under sections 285.600 through 285.642 may be answered.

2. Employers shall display a poster that contains the information required in subsection (1) of this section in a conspicuous and accessible place in each establishment where such employees are employed, provided that such poster has been provided by the Department.

3. The Department may create and make available to employers, model notices and posters that contain the information required under subsection (1) of this section for employers' use in complying with subsections (1) and (2) of this section. Nothing in this subsection shall be interpreted or applied, either expressly or through practical necessity, to require the Department to create or make available notices or posters if it requires the appropriation of funds to cover the costs of such acts.

285.615. 1. Employers shall retain records documenting hours worked by employees and earned paid sick time taken by employees, for a period of not less than three years, and shall allow the Department access to such records, with appropriate notice and at a mutually agreeable time, to monitor compliance with the requirements of sections 285.600 through 285.642.

2. To the extent permitted by law, the Director may inspect such records, and the records shall be open for inspection by the Director by appointment. Where the records required under this section are kept outside the state, the records shall be made available to the Director upon demand. Every such employer shall furnish to the Director on demand a sworn statement of time records and information upon forms prescribed or approved by the Director. All the records and information obtained by the Department are confidential and shall be disclosed only on order of a court of competent jurisdiction.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department or Director to access or inspect records or to create forms relating to the inspection of records if it requires the appropriation of funds to cover the costs of such acts.

285.618. 1. The Department may, in accordance with chapter 536, promulgate rules to implement the provisions of sections 285.600 through 285.642. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2018, shall be invalid and void.

2. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the promulgation or adoption of rules if it requires the appropriation of funds to cover the costs of such acts.

285.621. 1. To the extent permitted by law, the Department may investigate and ascertain compliance with sections 285.600 through 285.642, establish and implement a system to receive complaints regarding non-compliance with sections 285.600 through 285.642 and to investigate and attempt to resolve complaints through mediation between the complainant and the subject of the complaint, and establish additional means of enforcement to the extent permitted by the law.

2. The Department may develop and implement an outreach program to inform employees, parents, and persons who are under the care of a health care provider about the availability of earned paid sick time under sections 285.600 through 285.642. This program may include the distribution of notices and other written materials to child care and elder care providers, domestic violence shelters, schools, hospitals, community health centers and other health care providers in Missouri.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department to conduct investigations and ascertain compliance with sections 285.600 through 285.642, to establish and implement a system to receive or resolve complaints, to establish additional means of enforcement, or to conduct outreach and education, including the creation of notices and other written materials, concerning sections 285.600 through 285.642, if it requires the appropriation of funds to cover the costs of such acts.

285.624. 1. To the extent permitted by law, any employer who violates or fails to comply with any of the provisions and requirements of sections 285.600 through 285.642 shall be guilty of a class C misdemeanor and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for violation of a class C misdemeanor; provided, however, that an employer who willfully violates the notice and posting requirements of section 285.612 shall be guilty of an infraction and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for an infraction.

2. For purposes of this section, each day of violation or failure to comply and each employee affected shall constitute a separate offense.

285.627. 1. Any individual who claims to have been aggrieved by a failure of an employer to comply with any portion of sections 285.600 through 285.642, including but not limited to the failure to provide earned paid sick time or to allow employees to use such time consistent with sections 285.600 through 285.642, or who claims to have suffered a retaliatory personnel action, shall have a right of action and may commence a civil action in the appropriate court of jurisdiction within three years of the accrual of the cause of action, to obtain appropriate relief with respect to such unlawful violation.

2. In a civil action under this section, if the court finds a violation has occurred, the court may grant as relief, as it deems appropriate and to the extent permitted by law, any permanent or temporary injunction, the full amount of any unpaid earned sick time plus any actual damages suffered as the result of the employer's violation of sections 285.600 through 285.642, an additional amount equal to twice any unpaid earned sick time as liquidated damages, costs, and reasonable attorney's fees as may be allowed by the court, and other legal or equitable relief as may be appropriate to remedy the violation, including, without limitation, reinstatement to employment and back pay. Any agreement between the employee and the employer to waive the protections of sections 285.600 through 285.642, with the exception of section 285.633, shall be no defense to the action.

285.630. 1. Except as otherwise required by law, an employer may not require disclosure of details relating to an employee's or an employee's family member's health information as a condition of providing earned paid sick time under sections 285.600 through 285.642.

2. Unless as otherwise required by law, any health information possessed by an employer regarding an employee or employee's family member must:

(A) be maintained on a separate form and in a separate file from other personnel information;

(B) be treated as confidential medical records; and

(C) not be disclosed except to the affected employee or with the express written permission of the affected employee.

285.633. 1. All or any portion of the earned paid sick time requirements of sections 285.600 through 285.642 shall not apply to employees covered by a valid collective bargaining agreement, to the extent that such requirements are expressly waived in the collective bargaining agreement in clear and unambiguous terms.

2. Notwithstanding subsection (1) of this section, with respect to employees covered by a valid collective bargaining agreement in effect on the effective date of sections 285.600 through 285.642, no provisions of sections 285.600 through 285.642 shall apply until the stated expiration date in the collective bargaining agreement.

3. Nothing in sections 285.600 through 285.642 shall be deemed to interfere, impede, or otherwise diminish the right of employees to bargain collectively through representatives of their own choosing.

285.636. 1. Nothing in sections 285.600 through 285.642 shall be construed to discourage or prohibit an employer from the adoption or retention of an earned paid sick time policy more generous than the one required herein.

2. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the obligation of an employer to comply with any contract, collective bargaining agreement, employment benefit plan, or other agreement providing more generous paid sick time to an employee than required herein. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the rights of public employees regarding paid sick time or use of paid sick time as provided in the laws of Missouri pertaining to public employees.

285.639. 1. Sections 285.600 through 285.642 provide minimum requirements pertaining to earned paid sick time and shall not be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, requirement, policy, or standard that provides for greater accrual or use by employees of earned paid sick time or that extends other protections to employees.

2. Nothing in sections 285.600 through 285.642 shall be interpreted or applied to create a power or obligation contrary to any federal law, rule, or regulation.

285.642. Except as detailed in section 285.618, all of the provisions of sections 285.600 through 285.642 are severable, and if any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 285.600 through 285.642 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application, and to this end the provisions of sections 285.600 through 285.642 are declared severable.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-029)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 285 of the Revised Statutes of Missouri. (Received November 17, 2016)

Date

December 7, 2016

Description

This proposal would amend Chapter 285 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Lottery,** the **Public Service Commission,** the **State Tax Commission,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Veterans Commission,** the **Missouri Ethics Commission,** the **Missouri Office of Prosecution Services,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St.**

Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** the **Lieutenant Governor's office,** the **Children's Trust Fund,** the **Missouri Joint Municipal Electric Utility Commission,** the **State Auditor's office, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and Missouri Jobs with Justice Voter Action provided information as proponents of the proposal to the State Auditor's office.

Officials from the **Attorney General's office** indicated various provisions of the proposal authorize their department to promulgate rules, establish mediation procedures "and additional means of enforcement… ." They assume that their office may provide some review of proposals, but assume that any potential costs arising from this proposal can be absorbed with existing resources. They may seek additional appropriations if there is an increased review of rules in later years.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will be deferring to the Office of Administration and the Department of Labor and Industrial Relations regarding any fiscal impact this initiative petition might have.

Officials from the **Department of Higher Education** indicated the state, including departments, are exempt from the definition of "employer," so this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated there is no fiscal impact to their department as a result of this initiative petition. Section 285.600 (5) indicates "for the purposes of sections 285.600 through 285.642 "employer" does not include the United States Government, the state, …., including a department, agency, …."

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated they expect no change in revenues or expenses in fiscal years 2017, 2018, and 2019.

The petition, if passed by voters, would require businesses with 15 or more employees to provide paid sick time. It also would allow their department to educate employers, take complaints, and perform investigations of violations of the new law.

The long-range fiscal implications are the same as those of the estimate period.

Under the new language, they may educate employers and employees, promulgate rules, take complaints, and conduct investigations of alleged violations of the new provisions. They believe the education, registration of complaints, and investigations would be conducted in a manner similar to those conducted under the Minimum Wage program. Using employer information from the United States Census Bureau for employers with more than ten employees, they estimate that it would receive complaints from 1.5% of the estimated 40,886 businesses with 10 or more employees, or 613 complaints annually. (The Census Bureau does not break employers at the 15 or more level.) To investigate these 613 complaints, they would require 3.50 Wage & Hour Investigator I/IIs. In FY 2016, 578 complaints were closed by 3.50 Investigators, averaging 165 per FTE. Using this calculation, they estimate it would need 3.50 FTE and the standard per FTE expenses and equipment to complete these activities.

However, Sections 285.612, 285.615, 285.618, and 285.621 expressly state that they are not required to take on the new duties it is authorized to perform under this proposal if doing so will require an appropriation to cover the costs of performing the duties. Because these duties are optional and are not required of their department, if there is no appropriation made to cover the cost, they estimate no mandated fiscal impact for this proposal.

Officials from the **Department of Revenue** indicated they defer this fiscal note to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they will defer to the Office of Administration response to this petition.

Officials from the **Department of Social Services** indicated they will defer to the Office of Administration response to this petition. They indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no fiscal impact to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal response.

Officials from the **Office of Administration** indicated:

This initiative petition adds 15 new sections to Chapter 285 related to sick leave.

Under this proposal, employers would be required to provide paid sick leave to employees. The amount would be dependent upon the number of employees. It does not include employees covered under a valid collective bargaining agreement and it provides employees with an avenue of recourse if the employee claims to be aggrieved.

The State of Missouri is excluded from the provisions of this proposal, therefore there would be no statewide impact related to this proposal other than potentially higher costs for services purchased by the state. However, the Department of Labor and Industrial Relations (DOLIR) will be impacted. Budget and Planning defers to the DOLIR for the specific impact to that agency.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office, as they are an independent department within state government and by definition state employees are exempt from this proposed legislation.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated there is no impact on their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted because cities are not employers. An indirect cost to cities may arise through increased labor costs of those vendors contracting with the city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition could have a fiscal impact on local government.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined that for benefit eligible employees (defined as working .75 or >) that it does not appear that the proposed legislation as written would create a significant fiscal impact to their university.

Officials from the **Missouri Lottery** indicated no fiscal impact to their agency.

Officials from the **Public Service Commission** indicated no fiscal impact on their agency.

Officials from the **State Tax Commission** indicated this initiative petition pertaining to sick leave in Chapter 285 does not directly impact their office. As a state agency this matter is under the direction of Office of Administration, Division of Personnel.

Officials from the **Missouri Veterans Commission** indicated no fiscal impact to their agency.

Officials from the **Missouri Office of Prosecution Services** indicated no measurable fiscal impact to their office.

Officials from the **Kansas City Boards of Election Commissioners** indicated there is no fiscal impact with amendments to Chapter 285, Versions 1 -12, since the State is not responsible for costs associated with the November 2018 election.

Officials from the **Platte County Board of Elections** indicated the proposed initiative would have no fiscal impact on their office.

Officials from the **Jackson County Election Board** indicated no fiscal impact on their office.

Officials from the **Lieutenant Governor's office** indicated it is anticipated that this initiative petition will impose little to no costs or savings on their office.

Officials from the **Children's Trust Fund** indicated they are part of the Office of Administration and thus will be covered by the Office of Administration's official response. They will not be responding separately.

Officials from the **Missouri Joint Municipal Electric Utility Commission** indicated:

The Missouri Association of Municipal Utilities represents approximately 120 cities in Missouri providing utility services to their customer/owners. They do not represent cities in their general business operation. That representation is undertaken by the Missouri Municipal League and its executive director Dan Ross.

Based on a review of each of the 12 versions it appears that there would be no direct cost to any of their cities since the framers of the amendment specifically excluded cities from the definition of employers and city employees from coverage of the proposed changes.

However, it is possible that cities may experience some increases in the cost of goods and services consumed in the regular course of business as a result of higher labor input costs. It is impossible to accurately predict those increases other than to make you aware of the potential.

Officials from the **State Auditor's office** indicated there is no fiscal impact for their office.

Officials from **University of Central Missouri** indicated if they are included in the definition of "employer" that would be impacted by this legislation, they would have an additional cost of roughly $340,000. In fiscal year 2016, part-time employees worked nearly 679,000 hours. If each 30 hours resulted in one sick time hour, that would be 22,634 hours. At an average rate of $15/hour, that would have a fiscal impact of $340,000.

If the definition of employer is interpreted to exclude UCM because of its status as a state agency, then there would be no fiscal impact.

Officials from **Missouri State University** indicated no fiscal impact on their university.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Lara Granich and Missouri Jobs with Justice Voter Action provided the following information as proponents of this initiative petition.

November 28, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Earned Sick Time Petitions
Petitions numbered by MO SOS at 2018-28 to 2018-39

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Earned Sick Time Petitions.

This analysis uses data collected by the U.S. Bureau of Labor Statistics, the Centers for Disease Control and Prevention, and the U.S. Census Bureau to evaluate the impact of earned sick time laws in Missouri. This analysis uses findings from previous peer-reviewed research to estimate cost-savings associated with the proposed policies through reduced turnover, reduced spread of contagious disease in the workplace, prevention of productivity losses from employees working while sick, minimized nursing-home stays, and reduced norovirus outbreaks in nursing homes. We also address certain claims that have been made by opponents in the past.

I. Estimate of Number of Workers Affected Statewide

According to the Institute for Women's Policy Research, an estimated 1,002,116 private sector workers in Missouri, or 45.9 percent of the workforce, cannot earn a single paid sick day to use to recover from common illnesses or seek medical care.[1]

II. Direct Costs to State

As these proposed initiatives exclude public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Enforcement would be handled by existing staff at the Department of Labor.

III. Economic Literature on the Impact of Earned Sick Time on Businesses

This analysis quantifies only a subset of potential benefits, predicting a net economic benefit from both of the proposed laws. Likely additional benefits from paid sick days not quantified in this analysis include: reduced health care spending due to reduced public contagion and more timely and regular preventive care and treatment; improved economic security among families who receive pay on sick days and are less likely to be fired or disciplined for taking sick time; and improved school outcomes and reduced contagion in schools, when parents can avoid sending sick children to school or child care.

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country. There is no evidence of business closures/layoffs as a result of earned sick time laws. Both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed. In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates. 2

The Washington D.C. Auditor reported "that the Accrued Sick and Safe Leave Act did not have the economic impact of encouraging business owners to move a business from the District nor did the Act have the economic impact of discouraging business owners to locate a business in the District of Columbia."3 New York City reported that "New York City's economy has thrived since the enactment of PSL [paid sick leave]. Between January 2014 and January 2015, a period that covers the law's implementation, economic indicators were a cause for celebration, not concern as many had predicted." 4

[1] 1 Institute for Women's Policy Research & National Partnership for Women & Families. (2015, May). Workers' Access to Paid Sick Days in the States. Table 2. Retrieved 8 July 2015, from http://www.nationalpartnership.org/research-library/work-family/psd/workers-access-to-paid-sick-days-in-the-states.pdf

[2] http://iwpr.org/publications/pubs/paid-sick-days-benefit-employers-workers-and-the-economy

[3] http://www.dcauditor.org/reports/audit-accrued-sick-and-safe-leave-act-2008

[4] http://www1.nyc.gov/assets/dca/downloads/pdf/about/PaidSickLeaveLaw-FirstYearMilestones.pdf

Summary of Benefits Associated With Missouri's Proposed Earned Sick Time Law

Benefits	Firms with <50 Employees			Firms with 50+ Employees		
	Dollars	Average per-worker savings		Dollars	Average per-worker costs/savings	
BENEFITS						
Lower Turnover	$32,718,875			$146,675,016		
Reduced Flu Contagion in the Workplace	$1,334,044			$5,980,370		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Employers' Savings	**$34,052,920**	**$6.97**	**$0.21**	**$152,655,386**	**$9.44**	**$0.26**
Reduced Short-Term Nursing Home Stays	$2,415,006			$8,165,162		
Reduced Norovirus in Nursing Homes	$21,692			$93,129		
Reduced Flu Contagion	$233,249			$771,691		
Reduced Emergency Department Visits	$3,512,104			$11,619,581		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Community Savings	**$6,182,052**	**$1.26**	**$0.04**	**$20,649,564**	**$1.28**	**$0.03**

Note: "Small" firms are defined in the proposed laws at firms employing fewer than 15 employees and "Large" firms are defined as firms employing 15 or more employees.

Source: Institute for Women's Policy Research Analysis of the 2014 American Community Survey (ACS), the 2016 National Compensation Survey (NCS), the 2013-2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2010 Current Population Survey Displaced Worker, Employee Tenure, and Occupational Mobility Supplement File, and the 2014-2015 National Health Interview Survey (NHIS).

Note on Methodology

The estimates are based on analyses of the following data sets: the 2013–2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2014-2015 National Health Interview Survey (NHIS), the 2014 American Community Survey (ACS), the 2016 National Compensation Survey and the 2014 Medical Expenditure Panel Survey along with findings from previous peer-reviewed research.

This analysis was limited to only private sector workers as the proposed legislation only covers such workers. The proposed legislation does include some small exemptions for certain employees which this analysis does not account for. Excluding such workers would result in minor reductions in both the costs and benefits estimated, but general trends would remain the same. To learn more about the methodology and sources please see "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days"[5]

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,
Lara Granich
Missouri Jobs with Justice Voter Action

[5] Williams, Claudia. 2013. "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days." IWPR Publication No. B311. Washington, DC: Institute for Women's Policy Research.

INSTITUTE FOR WOMEN'S POLICY RESEARCH

Briefing Paper

www.iwpr.org

IWPR #B361 July 2016

Paid Sick Days Benefit Employers, Workers, and the Economy

Jessica Milli, PhD., Jenny Xia, and Jisun Min

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country.[1] Yet millions more still would not be paid if they need to stay at home when they are sick or need to care for a family member who is ill. As of 2014, 51 million workers lacked access to paid sick days.[2]

Research has documented many benefits of paid sick days policies for workers, businesses, and communities as a whole. These benefits would multiply substantially if more workers gained access to paid sick days. This briefing paper summarizes research on the benefits of paid sick days and the effects of paid sick days policies in places that have them.

Employers Benefit from Paid Sick Days

- **Reduced contagion in the workplace:** A 2010 survey conducted by the National Opinion Research Center found that employees without access to paid sick days are 1.5 times more likely than those with access to go to work with a contagious illness (55 percent compared with 37 percent).[3] Such "presenteeism" has serious public health consequences including flu contagion. A 2010 analysis of labor force and Centers for Disease Control data estimated that more than one in four private sector employees worked while ill with H1N1 during the 2009 H1N1 pandemic, resulting in the estimated infection of 7 million co-workers with H1N1. Work absences from illness dropped more precipitously among public sector workers than among private sector workers during the decline of the pandemic. Because employees in the public sector have greater access to paid sick days, the finding suggests that paid sick days played a role in slowing contagion and potentially in speeding recovery.[4] A 2013 study employed a model simulating influenza contagion to estimate reductions in contagion rates under a universal paid sick days policy. Using data from the American Community Survey, LandScan USA, and the U.S. Census, the study estimated that providing paid sick days would reduce workplace influenza infection in the United States by about 6 percent.[5]

- **Improved productivity:** When workers come to work sick, their productivity and performance suffer. Estimates of productivity losses vary across studies. A 1997 study polling 332 workers who had influenza-like illnesses found that workers on average reported being 46 percent less effective while ill at work.[6] A 2003 study based on interviews with more than 28,000 workers reported that on average, workers lose 1.32 hours per week of productive time due to personal health related reasons.[7] Since workers

with access to paid sick days are less likely to come to work sick and infect their co-workers,[8] paid sick days can prevent further productivity losses resulting from illness and contagion in the workplace.

- **Decreased workplace injuries:** Working while sick also puts employees at greater risk of injury on the job. A 2012 study using the 2005 through 2008 National Health Interview Survey (NHIS) found that after controlling for factors like survey year, occupational sector, firm size, region, and the availability of paid sick leave, workers with access to paid sick days are 28 percent less likely to be injured on the job than workers without this benefit.[9]

- **Decreased employee turnover:** A 2012 analysis of data collected between 2004 and 2006 through the Medical Expenditure Panel Survey (MEPS) finds that the likelihood of job separation decreases by about 25 percent when a worker has access to paid sick days, even after controlling for potential confounding factors such as workers' educational attainment, earnings, and race/ethnicity.[10] As employee turnover typically costs an employer between 10 and 30 percent of an employee's annual salary,[11] a reduction in turnover can result in significant reductions in employer costs.

Paid Sick Days Improve Public Health

- **Increased use of preventive care:** Since paid sick days can be used for doctor visits, workers with paid sick days are more likely to seek preventive care and to be screened for diseases such as cancer, which can lead to early detection and treatment. A 2012 study using 2008 National Health Interview Survey (NHIS) data finds that after controlling for sociodemographic and health-care-related factors, workers with paid sick days are significantly more likely to have had mammograms, Pap tests, and endoscopy, and to have seen a doctor during the previous year than those without the benefit.[12]

- **More timely treatment for illnesses:** Workers without paid sick days are more likely to delay medical care when they or a family member is ill which can lead to a more serious or prolonged illness.[13]A 2016 analysis of the 2013 NHIS—which controlled for demographic and health-related factors like race and ethnicity, occupation, annual family income, and health insurance coverage—indicates that workers without paid sick leave are three times more likely to forgo medical care for themselves, and 1.6 times more likely to forgo medical care for their families, compared with workers who have the benefit.[14] A 2011 analysis of the NHIS found that when they do seek care, workers without paid sick days—regardless of their educational attainment, income, race/ethnicity and other demographic characteristics—are more likely to use an emergency department for care.[15]

- **Improved family health:** Paid sick days may encourage workers to respond to their children's and family members' health needs in a timely manner, thereby improving overall health outcomes for their families. Paid sick days are a primary factor affecting whether a working parent will stay at home with a sick child rather than sending them to school or child care sick. The 2010 National Opinion Research Center Survey found that

28 percent of workers without paid sick days reported sending a sick child to school or child care, compared with 14 percent of workers with paid sick days.[16] A 2012 study analyzing the 2008 National Study of the Changing Workforce (NSCW) and controlling for worker and job characteristics finds that having paid sick days is associated with reduced work-family conflict, which lessens difficulties parents face in taking time off from work to care for a sick child.[17]

Paid Sick Days Bring Economic Benefits for Workers, Families, and Communities

- **Improved employment and earnings stability:** When incomes are not interrupted by unpaid leave, families experience greater financial stability and economic well-being. According to a 2010 poll, 16 percent of workers surveyed reported losing a job for missing work when they were sick or to care for an ill family member.[18] Research has shown that having paid sick days reduces the likelihood of a job separation by at least 25 percent.[19]

- **Improved labor force attachment among caregivers:** Informal caregivers whose work schedules are incompatible with the care needs of their family members may decrease their work hours or even leave the labor force completely.[20] One 2011 Gallup poll found that most caregivers, including parents, reported missing at least one full day of work to fulfill their caregiving duties with an average of 6.6 workdays missed per year.[21] Paid sick days, however, may provide sufficient leave to caregivers to allow them to maintain their desired level of employment while continuing to perform their caregiving work.

- **Savings from reduced utilization of hospital emergency departments and a lower monetary burden on taxpayers:** A 2011 study using the 2008 and 2009 NHIS finds that the annual number of emergency department visits per worker without paid sick days is greater than it is for those with the benefit. Using MEPS data on the cost of emergency department visits, the study estimates that a lack of paid sick days resulted in an estimated 1.3 million preventable emergency department visits every year in the United States in 2008, costing $1.1 billion more than office visits would have. Part of these costs—$500 million—were paid by public insurance programs such as Medicaid.[22]

Research Finds Benefits of Existing Paid Sick Days Laws and Minimal Costs to Employers

Since the implementation of the first paid sick days law in 2007, several studies have evaluated the impacts of the legislation, with a particular emphasis on the effects on employers. These evaluations have largely found that the overall impact on businesses was minimal. Many firms saw benefits from the policy and counted themselves as supporters after implementing it.

- **Minimal costs:** Costs to employers of providing paid sick days have been modest. In Seattle, evaluations found that the cost of providing paid sick leave in 2013 was only

about 0.4 percent of total firm revenue for the year.[23] In Connecticut, nearly half of 228 employers surveyed in 2013, a year and a half after the state's paid sick days law's implementation, reported having no increased overall cost, and 19.1 percent of employers reported an increased cost of less than 2 percent.[24] In San Francisco, the paid sick leave ordinance created additional costs for a relatively small share of employers. Six out of seven employers reported no adverse effects on profitability.[25]

- **Ease of implementation:** Research shows that paid sick days have minimal effect on business operations. Most San Francisco employers reported that implementing the Paid Sick Leave Ordinance was not difficult.[26] Likewise, about two thirds of Seattle employers reported that implementing the Paid Sick and Safe Time Ordinance was not very difficult, and 70 percent expressed support for the policy a year after implementation of the Ordinance.[27] Similarly, a large majority of Connecticut employers surveyed in 2013 indicated that the Paid Sick Leave Law did not burden business operations.[28]

- **Employees use paid sick days judiciously:** Several years after the implementation of San Francisco's paid sick days law, an IWPR survey of 1,194 workers found that employees in San Francisco used fewer than half of the sick days available under the paid sick leave ordinance.[29] Using data from the 2014 NHIS, IWPR found that most workers who do have access to paid sick days do not use any in a given year.[30] In regions that have passed paid sick day laws, surveys suggest that abuse of paid sick days is rare. Among 228 Connecticut employers surveyed by the Center for Economic and Policy Research, 86 percent reported no known cases of abuse more than a year after paid sick days was implemented.[31] A report published by the City of Seattle auditor finds that more than nine in ten Seattle employers surveyed in 2012 had never reprimanded an employee for abusing paid sick days.[32]

- **Sustained job growth and employment:** In contrast to messaging communicated by big business lobbyists prior to the laws' passage, both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed.[33] In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates.[34]

- **Improved employee morale, motivation, loyalty, and productivity**: Over a quarter of Connecticut employers reported improved morale, 12.5 percent reported increased employee motivation, 10.6 percent reported increased loyalty, and 14.9 percent reported increased productivity after implementation of the state's paid sick days law.[35]

- **Improved work life balance for employees:** A 2010 IWPR survey found that one out of four San Francisco employees reported that paid sick days enabled them to better care for their own and their families' health needs. In addition, nearly 30 percent reported that their employers were more supportive when they needed to use their leave than they were

prior to the law's passage. More than half of all San Francisco workers reported at least one benefit as a result of the ordinance.[36]

- **Reduced flu contagion in locations with paid sick day laws:** One recent study used Google Flu data from 2003 to 2015 to show that influenza-like infection rates decrease significantly when workers gain access to paid sick days. By comparing the rates of influenza-like illnesses in regions with paid sick days policies—including the District of Columbia, Connecticut, California, Massachusetts, and Oregon—with those lacking such laws, the study finds that infection rates decrease by about 10 percent when employees without coverage obtain paid sick days.[37]

Conclusion

Literature spanning the fields of public health, economics, sociology, medicine, social work, and public policy converge to reflect the health, employment, and economic benefits of paid sick days. Research suggests that more widespread implementation of paid sick days policies would have a substantial positive impact on the well-being of children, families, and communities across the United States.

Notes

[1] For a complete list of paid sick days laws and their provisions, see: A Better Balance, "Overview of Paid Sick Time Laws in the United States," <http://www.abetterbalance.org/web/images/stories/Documents/sickdays/factsheet/PSDchart.pdf> (accessed May 4, 2016).
[2] Jenny Xia, Jeffrey Hayes, Barbara Gault, and Hailey Nguyen, "Paid Sick Days Access and Usage Rates Vary by Race/Ethnicity, Occupation, and Earnings," Institute for Women's Policy Research (February 2016) <http://iwpr.org/publications/pubs/paid-sick-days-access-and-usage-rates-vary-by-race-ethnicity-occupation-and-earnings> (accessed March 18, 2016).
[3] Tom W. Smith and Jibum Kim, "Paid Sick Days: Attitudes and Experiences," Public Welfare Foundation (June 2010) <http://www.nationalpartnership.org/research-library/work-family/psd/paid-sick-days-attitudes-and-experiences.pdf> (accessed January 12, 2016).
[4] Robert Drago and Kevin Miller, "Sick at Work: Infected Employees in the Workplace During the H1N1 Pandemic," Institute for Women's Policy Research (January 2010) <http://iwpr.org/publications/pubs/sick-at-work-infected-employees-in-the-workplace-during-the-h1n1-pandemic > (accessed March 18, 2016).
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Funding for this briefing paper was provided by the Ford Foundation and the Annie E. Casey Foundation.

For more information on IWPR reports or membership, please call (202) 785-5100, e-mail iwpr@iwpr.org, or visit www.iwpr.org.

The Institute for Women's Policy Research (IWPR) conducts rigorous research and disseminates its findings to address the needs of women, promote public dialogue, and strengthen families, communities, and societies. The Institute works with policymakers, scholars, and public interest groups to design, execute, and disseminate research that illuminates economic and social policy issues affecting women and their families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR's work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations and corporations. IWPR is a 501(c)(3) tax-exempt organization that also works in affiliation with the women's studies, and public policy and public administration programs at The George Washington University.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Ethics Commission,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Clay County Board of Election Commissioners, Harris-Stowe State University, Lincoln University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local governments expect no direct costs from this proposal, but indicated unknown higher costs for goods and services may result. Any change in tax revenue for state and local governments is unknown.

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 17, 2016

RECEIVED
NOV 17 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 285, version 1 (2018-028)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 16, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
NOV 16 2016
MO. SECRETARY OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this _____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the State of Missouri:

Section 285.055 of the Revised Statutes of Missouri is amended and fifteen new sections to be known as sections 285.600, 285.603, 285.606, 285.609, 285.612, 285.615, 285.618, 285.621, 285.624, 285.627, 285.630, 285.633, 285.636, 285.639, and 285.642 are enacted to read as follows:

285.055. 1. As used in this section, the following terms shall mean:

(1) "Employee", an individual employed in this state by an employer;

(2) "Employer", any individual, sole proprietorship, partnership, limited liability company, corporation, or any other entity that is legally doing business in this state; provided, however, that employer shall not include any public employer as defined in section 285.525;

(3) "Employment benefits", anything of value that an employee may receive from an employer in addition to wages and salary. The term includes, but is not limited to, health, disability, retirement, profit-sharing, and death benefits; group accidental death and dismemberment benefits; paid or unpaid days off from work for holidays, [sick leave,] vacation, and personal necessity; and terms of employment, attendance, or leave policies; provided, however, that for purposes of this section, "employment benefits" does not include paid or unpaid days off from work for sick leave that can be used for the purposes listed in subsection (1) of section 285.606.

(4) "Political subdivision", any county, city, town, or village.

2. No political subdivision shall establish, mandate, or otherwise require an employer to provide to an employee:

(1) A minimum or living wage rate; or

(2) Employment benefits;

that exceed the requirements of federal or state laws, rules, or regulations. The provisions of this subsection shall not preempt any state law or local minimum wage ordinance requirements in effect on August 28, 2015.

285.600. As used in sections 285.600 through 285.642:

(1) "Department", Department of Labor and Industrial Relations.

(2) "Director", Director of the Department of Labor and Industrial Relations.

(3) "Earned paid sick time", time that is compensated at the same hourly rate and with the same benefits, including health care benefits, as the employee normally earns during hours worked and is provided by an employer to an employee for the purposes described in section 285.606, but in no case shall this hourly amount be less than that provided under section 290.502.

(4) "Employee", any individual employed in this state by an employer, but does not include:

(A) Any individual engaged in the activities of an educational, charitable, religious, or nonprofit organization where the employer-employee relationship does not, in fact, exist or where the services rendered to the organization are on a voluntary basis;

(B) Any individual standing in loco parentis to foster children in their care;

(C) Any individual employed for less than four months in any year in a resident or day camp for children or youth, or any individual employed by an educational conference center operated by an educational, charitable or not-for-profit organization;

(D) Any individual engaged in the activities of an educational organization where employment by the organization is in lieu of the requirement that the individual pay the cost of tuition, housing or other educational fees of the organization or where earnings of the individual employed by the organization are credited toward the payment of the cost of tuition, housing or other educational fees of the organization;

(E) Any individual employed on or about a private residence on an occasional basis for six hours or less on each occasion;

(F) Any individual employed on a casual basis to provide baby-sitting services;

(G) Any individual employed by an employer subject to the provisions of part A of subtitle IV of title 49, United States Code, 49 U.S.C. §§ 10101 et seq.;

(H) Any individual employed on a casual or intermittent basis as a golf caddy, newsboy, or in a similar occupation;

(I) Any individual who is employed in any government position defined in 29 U.S.C. §§ 203(e)(2)(C)(i)-(ii); or

(J) Any individual who is an offender, as defined in section 217.010, who is incarcerated in any correctional facility operated by the department of corrections, including offenders who provide labor or services on the grounds of such correctional facility pursuant to section 217.550.

(5) "Employer", any person acting directly or indirectly in the interest of an employer in relation to an employee; provided, however, that for the purposes of sections 285.600 through 285.642, "employer" does not include the United States Government, the state, or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state.

(6) "Family member", any of the following individuals:

(A) Regardless of age, a biological, adopted or foster child, stepchild or legal ward, a child of a domestic partner, a child to whom the employee stands in loco parentis, or an individual to whom the employee stood in loco parentis when the individual was a minor;

(B) A biological, foster, stepparent or adoptive parent or legal guardian of an employee or an employee's spouse or domestic partner or an individual who stood in loco parentis when the employee or employee's spouse or domestic partner was a minor child;

(C) An individual to whom the employee is legally married under the laws of any state, or a domestic partner who is registered as such under the laws of a political subdivision;

(D) A grandparent, grandchild, or sibling (whether of a biological, foster, adoptive or step relationship) of the employee or the employee's spouse or domestic partner; or

(E) A member of the employee's household.

(7) "Health care professional," any individual licensed under Federal or State law to provide medical or emergency services, including but not limited to doctors, nurses, certified nurse midwives, and emergency room personnel.

(8) "Person", any individual, partnership, association, corporation, business, business trust, legal representative, or any organized group of persons.

(9) "Retaliatory personnel action", denial of any right guaranteed under sections 285.600 through 285.642, or any threat, discharge, suspension, demotion, reduction of hours, or any other adverse action against an employee for the exercise of any right guaranteed herein. "Retaliatory personnel action" shall also include interference with or punishment for in any manner participating in or assisting an investigation, proceeding, or hearing under sections 285.600 through 285.642.

(10) "Year", a regular and consecutive twelve-month period as determined by the employer; except that for the purposes of section 285.615 and section 285.627, "year" shall mean a calendar year.

285.603. 1. Employees of an employer with fifteen or more employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than forty hours of earned paid sick time per year, unless the employer selects a higher limit.

2. Employees of an employer with fewer than fifteen employees shall accrue a minimum of one hour of earned paid sick time for every thirty hours worked, but such employees shall not be entitled to accrue or use more than twenty-four hours of earned paid sick time per year, unless the employer selects a higher limit.

3. In determining the number of employees performing work for an employer for compensation during a given week, all employees performing work for compensation on a full-time, part-time, or temporary basis shall be counted. In situations in which the number of employees who work for an employer for compensation per week fluctuates above and below fifteen employees per week over the course of the year, an employer is required to provide earned paid sick time pursuant to subsection (1) of this section if it maintained fifteen or more employees on the payroll for some portion of a day in each of twenty different calendar weeks, whether or not the weeks were consecutive, in either the current or the preceding year (irrespective of whether the same individuals were in employment in each day).

4. All employees shall accrue earned paid sick time as follows:

(A) Earned paid sick time as provided in this section shall begin to accrue at the commencement of employment or ninety days after this law goes into effect, whichever is later. An employer may provide all paid sick time that an employee is expected to accrue in a year at the beginning of the year.

(B) An employee may use earned paid sick time as it is accrued, except that an employer may require an employee hired more than ninety days after this law goes into effect to wait until the ninetieth calendar day after commencing employment before using accrued earned paid sick time, unless otherwise permitted by the employer.

(C) Employees who are exempt from overtime requirements under 29 U.S.C. § 213(a)(1) of the Federal Fair Labor Standards Act will be assumed to work forty hours in each work week for purposes of earned paid sick time accrual unless their normal work week is less than forty hours, in which case earned paid sick time accrues based upon that normal work week.

(D) Earned paid sick time shall be carried over to the following year, subject to the limitations on usage in subsections (1) and (2) of this section. Alternatively, in lieu of carryover of unused earned paid sick time from one year to the next, an employer may pay an employee for unused earned paid sick time at the end of a year and provide the employee with an amount of paid sick time that meets or exceeds the requirements of sections 285.600 through 285.642 that is available for the employee's immediate use at the beginning of the subsequent year.

(E) If an employee is transferred to a separate division, entity, or location, but remains employed by the same employer, the employee is entitled to all earned paid sick time accrued at the prior division, entity, or location and is entitled to use all earned paid sick time as provided in this section. When there is a separation from employment and the employee is rehired within nine months of separation by the same employer, previously accrued earned paid sick time that had not been used shall be reinstated. Further, the employee shall be entitled to use accrued earned paid sick time and accrue additional earned paid sick time at the re-commencement of employment.

(F) When a different employer succeeds or takes the place of an existing employer, all employees of the original employer who remain employed by the successor employer are entitled to all earned paid sick time they

accrued when employed by the original employer, and are entitled to use earned paid sick time previously accrued.

(G) At its discretion, an employer may loan earned paid sick time to an employee in advance of accrual by such employee.

5. Any employer with a paid leave policy, such as a paid time off policy, who makes available an amount of paid leave sufficient to meet the accrual requirements of this section that may be used for the same purposes and under the same conditions as earned paid sick time under sections 285.600 through 285.642 is not required to provide additional paid sick time.

6. Nothing in this section shall be construed as requiring financial or other reimbursement to an employee from an employer upon the employee's termination, resignation, retirement, or other separation from employment for accrued earned paid sick time that has not been used.

285.606. 1. Earned paid sick time shall be provided to an employee by an employer for:

(A) An employee's mental or physical illness, injury, or health condition; an employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; an employee's need for preventive medical care;

(B) Care of a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; care of a family member who needs preventive medical care; or

(C) Closure of the employee's place of business by order of a public official due to a public health emergency, or an employee's need to care for a child whose school or place of care has been closed by order of a public official due to a public health emergency, or care for oneself or a family member when it has been determined by the health authorities having jurisdiction or by a health care provider that the employee's or family member's presence in the community may jeopardize the health of others because of his or her exposure to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

2. Earned paid sick time shall be provided upon the request of an employee. Such request may be made orally, in writing, by electronic means or by any other means acceptable to the employer. When possible, the request shall include the expected duration of the absence.

3. When the use of earned paid sick time is foreseeable, the employee shall make a good faith effort to provide notice of the need for such time to the employer in advance of the use of the earned paid sick time and shall make a reasonable effort to schedule the use of earned paid sick time in a manner that does not unduly disrupt the operations of the employer. Where such need is not foreseeable, an employer may require an employee to provide notice of the need for the use of earned paid sick time as soon as practicable.

4. An employer that requires notice of the need to use earned paid sick time where the need is not foreseeable shall provide a written policy that contains procedures for the employee to provide notice. An employer that has not provided to the employee a copy of its written policy for providing such notice shall not deny earned paid sick time to the employee based on non-compliance with such a policy.

5. An employer may not require, as a condition of an employee's taking earned paid sick time, that the employee search for or find a replacement worker to cover the hours during which the employee is using earned paid sick time.

6. Earned paid sick time may be used in the smaller of hourly increments or the smallest increment that the employer's payroll system uses to account for absences or use of other time.

7. For earned paid sick time of three or more consecutive work days, an employer may require reasonable documentation that the earned paid sick time has been used for a purpose covered by subsection (1) of this section. Documentation signed by a heath care professional indicating that earned paid sick time is necessary shall be considered reasonable documentation for purposes of this section. An employer may not require that the documentation explain the nature of the illness unless otherwise required by law.

285.609. 1. It shall be unlawful for an employer or any other person to interfere with, restrain, or deny the exercise of, or the attempt to exercise, any right protected under sections 285.600 through 285.642.

2. An employer shall not take retaliatory personnel action or discriminate against an employee or former employee because he or she has exercised rights protected under sections 285.600 through 285.642. Such rights include, but are not limited to, the right to request or use earned paid sick time pursuant to sections 285.600 through 285.642; the right to file a complaint or inform any person about any employer's alleged violation of sections 285.600 through 285.642; the right to participate in an investigation, hearing, or proceeding or cooperate with or assist the Department in any investigations of alleged violations of sections 285.600 through 285.642; and the right to inform any person of his or her potential rights under sections 285.600 through 285.642.

3. It shall be unlawful for an employer's absence control policy to count earned paid sick time taken under sections 285.600 through 285.642 as an absence that may lead to or result in discipline, discharge, demotion, suspension, or any other adverse action.

4. Protections of this section shall apply to any individual who mistakenly but in good faith alleges violations of sections 285.600 through 285.642.

285.612. 1. Employers shall give employees written notice of the following at the commencement of employment or by ninety days after this law goes into effect, whichever is later: employees are entitled to earned paid sick time and the amount of earned paid sick time, the terms of its use guaranteed under sections 285.600 through 285.642, that retaliatory personnel action against employees who request or use earned paid sick time is prohibited, that each employee has the right to bring a civil action if earned paid sick time as required by sections 285.600 through 285.642 is denied by the employer or the employee is subjected to retaliatory personnel action for requesting or taking earned paid sick time, and, if applicable, the contact information for the Department where questions about rights and responsibilities under sections 285.600 through 285.642 may be answered.

2. Employers shall display a poster that contains the information required in subsection (1) of this section in a conspicuous and accessible place in each establishment where such employees are employed, provided that such poster has been provided by the Department.

3. The Department may create and make available to employers, model notices and posters that contain the information required under subsection (1) of this section for employers' use in complying with subsections (1) and (2) of this section. Nothing in this subsection shall be interpreted or applied, either expressly or through practical necessity, to require the Department to create or make available notices or posters if it requires the appropriation of funds to cover the costs of such acts.

285.615. 1. Employers shall retain records documenting hours worked by employees and earned paid sick time taken by employees, for a period of not less than three years, and shall allow the Department access to such records, with appropriate notice and at a mutually agreeable time, to monitor compliance with the requirements of sections 285.600 through 285.642.

2. To the extent permitted by law, the Director may inspect such records, and the records shall be open for inspection by the Director by appointment. Where the records required under this section are kept outside the state, the records shall be made available to the Director upon demand. Every such employer shall furnish to the Director on demand a sworn statement of time records and information upon forms prescribed or approved by the Director. All the records and information obtained by the Department are confidential and shall be disclosed only on order of a court of competent jurisdiction.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department or Director to access or inspect records or to create forms relating to the inspection of records if it requires the appropriation of funds to cover the costs of such acts.

285.618. 1. The Department may, in accordance with chapter 536, promulgate rules to implement the provisions of sections 285.600 through 285.642. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2018, shall be invalid and void.

2. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the promulgation or adoption of rules if it requires the appropriation of funds to cover the costs of such acts.

285.621. 1. To the extent permitted by law, the Department may investigate and ascertain compliance with sections 285.600 through 285.642, establish and implement a system to receive complaints regarding non-compliance with sections 285.600 through 285.642 and to investigate and attempt to resolve complaints through mediation between the complainant and the subject of the complaint, and establish additional means of enforcement to the extent permitted by the law.

2. The Department may develop and implement an outreach program to inform employees, parents, and persons who are under the care of a health care provider about the availability of earned paid sick time under sections 285.600 through 285.642. This program may include the distribution of notices and other written materials to child care and elder care providers, domestic violence shelters, schools, hospitals, community health centers and other health care providers in Missouri.

3. Nothing in this section shall be interpreted or applied, either expressly or through practical necessity, to require the Department to conduct investigations and ascertain compliance with sections 285.600 through 285.642, to establish and implement a system to receive or resolve complaints, to establish additional means of enforcement, or to conduct outreach and education, including the creation of notices and other written materials, concerning sections 285.600 through 285.642, if it requires the appropriation of funds to cover the costs of such acts.

285.624. 1. To the extent permitted by law, any employer who violates or fails to comply with any of the provisions and requirements of sections 285.600 through 285.642 shall be guilty of a class C misdemeanor and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for violation of a class C misdemeanor; provided, however, that an employer who willfully violates the notice and posting requirements of section 285.612 shall be guilty of an infraction and shall be punished for each violation thereof by a fine, up to the maximum allowed under state law for an infraction.

2. For purposes of this section, each day of violation or failure to comply and each employee affected shall constitute a separate offense.

285.627. 1. Any individual who claims to have been aggrieved by a failure of an employer to comply with any portion of sections 285.600 through 285.642, including but not limited to the failure to provide earned paid sick time or to allow employees to use such time consistent with sections 285.600 through 285.642, or who claims to have suffered a retaliatory personnel action, shall have a right of action and may commence a civil action in the appropriate court of jurisdiction within three years of the accrual of the cause of action, to obtain appropriate relief with respect to such unlawful violation.

2. In a civil action under this section, if the court finds a violation has occurred, the court may grant as relief, as it deems appropriate and to the extent permitted by law, any permanent or temporary injunction, the full amount of any unpaid earned sick time plus any actual damages suffered as the result of the employer's violation of sections 285.600 through 285.642, an additional amount equal to twice any unpaid earned sick time as liquidated damages, costs, and reasonable attorney's fees as may be allowed by the court, and other legal or equitable relief as may be appropriate to remedy the violation, including, without limitation, reinstatement to employment and back pay. Any agreement between the employee and the employer to waive the protections of sections 285.600 through 285.642, with the exception of section 285.633, shall be no defense to the action.

285.630. 1. Except as otherwise required by law, an employer may not require disclosure of details relating to an employee's or an employee's family member's health information as a condition of providing earned paid sick time under sections 285.600 through 285.642.

2. Unless as otherwise required by law, any health information possessed by an employer regarding an employee or employee's family member must:

(A) be maintained on a separate form and in a separate file from other personnel information;

(B) be treated as confidential medical records; and

(C) not be disclosed except to the affected employee or with the express written permission of the affected employee.

285.633. 1. All or any portion of the earned paid sick time requirements of sections 285.600 through 285.642 shall not apply to employees covered by a valid collective bargaining agreement, to the extent that such requirements are expressly waived in the collective bargaining agreement in clear and unambiguous terms.

2. Notwithstanding subsection (1) of this section, with respect to employees covered by a valid collective bargaining agreement in effect on the effective date of sections 285.600 through 285.642, no provisions of sections 285.600 through 285.642 shall apply until the stated expiration date in the collective bargaining agreement.

3. Nothing in sections 285.600 through 285.642 shall be deemed to interfere, impede, or otherwise diminish the right of employees to bargain collectively through representatives of their own choosing.

285.636. 1. Nothing in sections 285.600 through 285.642 shall be construed to discourage or prohibit an employer from the adoption or retention of an earned paid sick time policy more generous than the one required herein.

2. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the obligation of an employer to comply with any contract, collective bargaining agreement, employment benefit plan, or other agreement providing more generous paid sick time to an employee than required herein. Nothing in sections 285.600 through 285.642 shall be construed as diminishing the rights of public employees regarding paid sick time or use of paid sick time as provided in the laws of Missouri pertaining to public employees.

285.639. 1. Sections 285.600 through 285.642 provide minimum requirements pertaining to earned paid sick time and shall not be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, requirement, policy, or standard that provides for greater accrual or use by employees of earned paid sick time or that extends other protections to employees.

2. Any county, city, town, or village in the state shall have the power and authority to establish, mandate, or otherwise require an employer to provide to an employee paid or unpaid days off from work for sick leave which exceeds the requirements of sections 285.600 through 285.642.

3. Nothing in sections 285.600 through 285.642 shall be interpreted or applied to create a power or obligation contrary to any federal law, rule, or regulation.

285.642. Except as detailed in section 285.618, all of the provisions of sections 285.600 through 285.642 are severable, and if any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 285.600 through 285.642 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application, and to this end the provisions of sections 285.600 through 285.642 are declared severable.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-028)

Subject

Initiative petition from Richard Von Glahn regarding a proposed amendment to Chapter 285 of the Revised Statutes of Missouri. (Received November 17, 2016)

Date

December 7, 2016

Description

This proposal would amend Chapter 285 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Lottery,** the **Public Service Commission,** the **State Tax Commission,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Veterans Commission,** the **Missouri Ethics Commission,** the **Missouri Office of Prosecution Services,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St.**

Louis, the **Kansas City Board of Election Commissioners,** the **Platte County Board of Elections,** the **Jackson County Election Board,** the **Clay County Board of Election Commissioners,** the **Lieutenant Governor's office,** the **Children's Trust Fund,** the **Missouri Joint Municipal Electric Utility Commission,** the **State Auditor's office, University of Central Missouri, Harris-Stowe State University, Lincoln University, Missouri Southern State University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Lara Granich and Missouri Jobs with Justice Voter Action provided information as proponents of the proposal to the State Auditor's office.

Officials from the **Attorney General's office** indicated various provisions of the proposal authorize their department to promulgate rules, establish mediation procedures "and additional means of enforcement… ." They assume that their office may provide some review of proposals, but assume that any potential costs arising from this proposal can be absorbed with existing resources. They may seek additional appropriations if there is an increased review of rules in later years.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated they will be deferring to the Office of Administration and the Department of Labor and Industrial Relations regarding any fiscal impact this initiative petition might have.

Officials from the **Department of Higher Education** indicated the state, including departments, are exempt from the definition of "employer," so this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition does not apply to public employers with respect to its employees. Therefore, this petition, if passed, would have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated there is no fiscal impact to their department as a result of this initiative petition. Section 285.600 (5) indicates "for the purposes of sections 285.600 through 285.642 "employer" does not include the United States Government, the state, …., including a department, agency, …."

Officials from the **Department of Corrections** indicated they defer to the Office of Administration.

Officials from the **Department of Labor and Industrial Relations** indicated they expect no change in revenues or expenses in fiscal years 2017, 2018, and 2019.

The petition, if passed by voters, would require businesses with 15 or more employees to provide paid sick time. It also would allow their department to educate employers, take complaints, and perform investigations of violations of the new law.

The long-range fiscal implications are the same as those of the estimate period.

Under the new language, they may educate employers and employees, promulgate rules, take complaints, and conduct investigations of alleged violations of the new provisions. They believe the education, registration of complaints, and investigations would be conducted in a manner similar to those conducted under the Minimum Wage program. Using employer information from the United States Census Bureau for employers with more than ten employees, they estimate that it would receive complaints from 1.5% of the estimated 40,886 businesses with 10 or more employees, or 613 complaints annually. (The Census Bureau does not break employers at the 15 or more level.) To investigate these 613 complaints, they would require 3.50 Wage & Hour Investigator I/IIs. In FY 2016, 578 complaints were closed by 3.50 Investigators, averaging 165 per FTE. Using this calculation, they estimate it would need 3.50 FTE and the standard per FTE expenses and equipment to complete these activities.

However, Sections 285.612, 285.615, 285.618, and 285.621 expressly state that they are not required to take on the new duties it is authorized to perform under this proposal if doing so will require an appropriation to cover the costs of performing the duties. Because these duties are optional and are not required of their department, if there is no appropriation made to cover the cost, they estimate no mandated fiscal impact for this proposal.

Officials from the **Department of Revenue** indicated they defer this fiscal note to the Office of Administration for a statewide response.

Officials from the **Department of Public Safety** indicated they will defer to the Office of Administration response to this petition.

Officials from the **Department of Social Services** indicated they will defer to the Office of Administration response to this petition. They indicated no fiscal impact on their department.

Officials from the **Governor's Office** indicated there should be no fiscal impact to their office.

Officials from the **House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated:

This initiative petition revises Section 285.055, RSMo, and adds 15 new sections to Chapter 285 related to sick leave.

Under this proposal, employers would be required to provide paid sick leave to employees. The amount would be dependent upon the number of employees. It does not include employees covered under a valid collective bargaining agreement and it provides employees with an avenue of recourse if the employee claims to be aggrieved.

The State of Missouri is excluded from the provisions of this proposal, therefore there would be no statewide impact related to this proposal other than potentially higher costs for services purchased by the state. However, the Department of Labor and Industrial Relations (DOLIR) will be impacted. Budget and Planning defers to the DOLIR for the specific impact to that agency.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on their office.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office, as they are an independent department within state government and by definition state employees are exempt from this proposed legislation.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated there appears to have no direct impact on their city.

Officials from the **City of Kansas City** indicated no direct fiscal impact is anticipated if this proposal is adopted because cities are not employers. An indirect cost to cities may arise through increased labor costs of those vendors contracting with the city.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition could have a fiscal impact on local government.

Officials from **University of Missouri** indicated they have reviewed this proposed legislation and have determined that for benefit eligible employees (defined as working .75 or >) that it does not appear that the proposed legislation as written would create a significant fiscal impact to their university.

Officials from the **Missouri Lottery** indicated no fiscal impact to their agency.

Officials from the **Public Service Commission** indicated no fiscal impact on their agency.

Officials from the **State Tax Commission** indicated this initiative petition pertaining to sick leave in Chapter 285 does not directly impact their office. As a state agency this matter is under the direction of Office of Administration, Division of Personnel.

Officials from the **Missouri Veterans Commission** indicated no fiscal impact to their agency.

Officials from the **Missouri Office of Prosecution Services** indicated no measurable fiscal impact to their office.

Officials from the **Kansas City Boards of Election Commissioners** indicated there is no fiscal impact with amendments to Chapter 285, Versions 1 -12, since the State is not responsible for costs associated with the November 2018 election.

Officials from the **Platte County Board of Elections** indicated the proposed initiative would have no fiscal impact on their office.

Officials from the **Jackson County Election Board** indicated no fiscal impact on their office.

Officials from the **Lieutenant Governor's office** indicated it is anticipated that this initiative petition will impose little to no costs or savings on their office.

Officials from the **Children's Trust Fund** indicated they are part of the Office of Administration and thus will be covered by the Office of Administration's official response. They will not be responding separately.

Officials from the **Missouri Joint Municipal Electric Utility Commission** indicated:

The Missouri Association of Municipal Utilities represents approximately 120 cities in Missouri providing utility services to their customer/owners. They do not represent cities in their general business operation. That representation is undertaken by the Missouri Municipal League and its executive director Dan Ross.

Based on a review of each of the 12 versions it appears that there would be no direct cost to any of their cities since the framers of the amendment specifically excluded cities from the definition of employers and city employees from coverage of the proposed changes.

However, it is possible that cities may experience some increases in the cost of goods and services consumed in the regular course of business as a result of higher labor input costs. It is impossible to accurately predict those increases other than to make you aware of the potential.

Officials from the **State Auditor's office** indicated there is no fiscal impact for their office.

Officials from **University of Central Missouri** indicated if they are included in the definition of "employer" that would be impacted by this legislation, they would have an additional cost of roughly $340,000. In fiscal year 2016, part-time employees worked nearly 679,000 hours. If each 30 hours resulted in one sick time hour, that would be 22,634 hours. At an average rate of $15/hour, that would have a fiscal impact of $340,000.

If the definition of employer is interpreted to exclude UCM because of its status as a state agency, then there would be no fiscal impact.

Officials from **Missouri State University** indicated no fiscal impact on their university.

Officials from **Missouri Southern State University** indicated they do not anticipate any fiscal impact from this initiative petition.

Lara Granich and Missouri Jobs with Justice Voter Action provided the following information as proponents of this initiative petition.

November 28, 2016

Missouri State Auditor
Jefferson City, MO
Submitted via email to moaudit@auditor.mo.gov, fiscalnote@auditor.mo.gov

Re: Fiscal Impact Analysis of Earned Sick Time Petitions
Petitions numbered by MO SOS at 2018-28 to 2018-39

This letter is from Lara Granich and Missouri Jobs with Justice Voter Action, proponents of the above-referenced initiative petitions. Pursuant to RSMo. Section 116.175, we write to submit the following information to assist your office in its analysis of the fiscal impact of the above-mentioned twelve proposed Earned Sick Time Petitions.

This analysis uses data collected by the U.S. Bureau of Labor Statistics, the Centers for Disease Control and Prevention, and the U.S. Census Bureau to evaluate the impact of earned sick time laws in Missouri. This analysis uses findings from previous peer-reviewed research to estimate cost-savings associated with the proposed policies through reduced turnover, reduced spread of contagious disease in the workplace, prevention of productivity losses from employees working while sick, minimized nursing-home stays, and reduced norovirus outbreaks in nursing homes. We also address certain claims that have been made by opponents in the past.

I. Estimate of Number of Workers Affected Statewide

According to the Institute for Women's Policy Research, an estimated 1,002,116 private sector workers in Missouri, or 45.9 percent of the workforce, cannot earn a single paid sick day to use to recover from common illnesses or seek medical care.[1]

II. Direct Costs to State

As these proposed initiatives exclude public workers employed by the state or by local governments, the initiatives are not expected to have any direct impact on state and local payroll costs. Enforcement would be handled by existing staff at the Department of Labor.

III. Economic Literature on the Impact of Earned Sick Time on Businesses

This analysis quantifies only a subset of potential benefits, predicting a net economic benefit from both of the proposed laws. Likely additional benefits from paid sick days not quantified in this analysis include: reduced health care spending due to reduced public contagion and more timely and regular preventive care and treatment; improved economic security among families who receive pay on sick days and are less likely to be fired or disciplined for taking sick time; and improved school outcomes and reduced contagion in schools, when parents can avoid sending sick children to school or child care.

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country. There is no evidence of business closures/layoffs as a result of earned sick time laws. Both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed. In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates. 2

The Washington D.C. Auditor reported "that the Accrued Sick and Safe Leave Act did not have the economic impact of encouraging business owners to move a business from the District nor did the Act have the economic impact of discouraging business owners to locate a business in the District of Columbia."3 New York City reported that "New York City's economy has thrived since the enactment of PSL [paid sick leave]. Between January 2014 and January 2015, a period that covers the law's implementation, economic indicators were a cause for celebration, not concern as many had predicted." 4

[1] 1 Institute for Women's Policy Research & National Partnership for Women & Families. (2015, May). Workers' Access to Paid Sick Days in the States. Table 2. Retrieved 8 July 2015, from http://www.nationalpartnership.org/research-library/work-family/psd/workers-access-to-paid-sick-days-in-the-states.pdf

[2] http://iwpr.org/publications/pubs/paid-sick-days-benefit-employers-workers-and-the-economy

[3] http://www.dcauditor.org/reports/audit-accrued-sick-and-safe-leave-act-2008

[4] http://www1.nyc.gov/assets/dca/downloads/pdf/about/PaidSickLeaveLaw-FirstYearMilestones.pdf

Summary of Benefits Associated With Missouri's Proposed Earned Sick Time Law

Benefits	Firms with <50 Employees			Firms with 50+ Employees		
	Dollars	Average per-worker savings		Dollars	Average per-worker costs/savings	
BENEFITS						
Lower Turnover	$32,718,875			$146,675,016		
Reduced Flu Contagion in the Workplace	$1,334,044			$5,980,370		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Employers' Savings	**$34,052,920**	**$6.97**	**$0.21**	**$152,655,386**	**$9.44**	**$0.26**
Reduced Short-Term Nursing Home Stays	$2,415,006			$8,165,162		
Reduced Norovirus in Nursing Homes	$21,692			$93,129		
Reduced Flu Contagion	$233,249			$771,691		
Reduced Emergency Department Visits	$3,512,104			$11,619,581		
		Weekly	*Hourly*		*Weekly*	*Hourly*
Community Savings	**$6,182,052**	**$1.26**	**$0.04**	**$20,649,564**	**$1.28**	**$0.03**

Note: "Small" firms are defined in the proposed laws at firms employing fewer than 15 employees and "Large" firms are defined as firms employing 15 or more employees.

Source: Institute for Women's Policy Research Analysis of the 2014 American Community Survey (ACS), the 2016 National Compensation Survey (NCS), the 2013-2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2010 Current Population Survey Displaced Worker, Employee Tenure, and Occupational Mobility Supplement File, and the 2014-2015 National Health Interview Survey (NHIS).

Note on Methodology

The estimates are based on analyses of the following data sets: the 2013–2016 Current Population Survey Annual Social and Economic Supplement (CPS ASEC), the 2014-2015 National Health Interview Survey (NHIS), the 2014 American Community Survey (ACS), the 2016 National Compensation Survey and the 2014 Medical Expenditure Panel Survey along with findings from previous peer-reviewed research.

This analysis was limited to only private sector workers as the proposed legislation only covers such workers. The proposed legislation does include some small exemptions for certain employees which this analysis does not account for. Excluding such workers would result in minor reductions in both the costs and benefits estimated, but general trends would remain the same. To learn more about the methodology and sources please see "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days"[5]

We hope that this information is useful to your office as your prepare your analyses of the petitions.

Respectfully submitted,
Lara Granich
Missouri Jobs with Justice Voter Action

[5] Williams, Claudia. 2013. "Valuing Good Health in Maryland: The Costs and Benefits of Earned Sick Days." IWPR Publication No. B311. Washington, DC: Institute for Women's Policy Research.

INSTITUTE FOR WOMEN'S POLICY RESEARCH

Briefing Paper

www.iwpr.org

IWPR #B361 July 2016

Paid Sick Days Benefit Employers, Workers, and the Economy

Jessica Milli, PhD., Jenny Xia, and Jisun Min

Millions of workers have gained access to paid sick days in recent years through new laws in five states, 23 cities, and one county across the country.[1] Yet millions more still would not be paid if they need to stay at home when they are sick or need to care for a family member who is ill. As of 2014, 51 million workers lacked access to paid sick days.[2]

Research has documented many benefits of paid sick days policies for workers, businesses, and communities as a whole. These benefits would multiply substantially if more workers gained access to paid sick days. This briefing paper summarizes research on the benefits of paid sick days and the effects of paid sick days policies in places that have them.

Employers Benefit from Paid Sick Days

- **Reduced contagion in the workplace:** A 2010 survey conducted by the National Opinion Research Center found that employees without access to paid sick days are 1.5 times more likely than those with access to go to work with a contagious illness (55 percent compared with 37 percent).[3] Such "presenteeism" has serious public health consequences including flu contagion. A 2010 analysis of labor force and Centers for Disease Control data estimated that more than one in four private sector employees worked while ill with H1N1 during the 2009 H1N1 pandemic, resulting in the estimated infection of 7 million co-workers with H1N1. Work absences from illness dropped more precipitously among public sector workers than among private sector workers during the decline of the pandemic. Because employees in the public sector have greater access to paid sick days, the finding suggests that paid sick days played a role in slowing contagion and potentially in speeding recovery.[4] A 2013 study employed a model simulating influenza contagion to estimate reductions in contagion rates under a universal paid sick days policy. Using data from the American Community Survey, LandScan USA, and the U.S. Census, the study estimated that providing paid sick days would reduce workplace influenza infection in the United States by about 6 percent.[5]

- **Improved productivity:** When workers come to work sick, their productivity and performance suffer. Estimates of productivity losses vary across studies. A 1997 study polling 332 workers who had influenza-like illnesses found that workers on average reported being 46 percent less effective while ill at work.[6] A 2003 study based on interviews with more than 28,000 workers reported that on average, workers lose 1.32 hours per week of productive time due to personal health related reasons.[7] Since workers

with access to paid sick days are less likely to come to work sick and infect their co-workers,[8] paid sick days can prevent further productivity losses resulting from illness and contagion in the workplace.

- **Decreased workplace injuries:** Working while sick also puts employees at greater risk of injury on the job. A 2012 study using the 2005 through 2008 National Health Interview Survey (NHIS) found that after controlling for factors like survey year, occupational sector, firm size, region, and the availability of paid sick leave, workers with access to paid sick days are 28 percent less likely to be injured on the job than workers without this benefit.[9]

- **Decreased employee turnover:** A 2012 analysis of data collected between 2004 and 2006 through the Medical Expenditure Panel Survey (MEPS) finds that the likelihood of job separation decreases by about 25 percent when a worker has access to paid sick days, even after controlling for potential confounding factors such as workers' educational attainment, earnings, and race/ethnicity.[10] As employee turnover typically costs an employer between 10 and 30 percent of an employee's annual salary,[11] a reduction in turnover can result in significant reductions in employer costs.

Paid Sick Days Improve Public Health

- **Increased use of preventive care:** Since paid sick days can be used for doctor visits, workers with paid sick days are more likely to seek preventive care and to be screened for diseases such as cancer, which can lead to early detection and treatment. A 2012 study using 2008 National Health Interview Survey (NHIS) data finds that after controlling for sociodemographic and health-care-related factors, workers with paid sick days are significantly more likely to have had mammograms, Pap tests, and endoscopy, and to have seen a doctor during the previous year than those without the benefit.[12]

- **More timely treatment for illnesses:** Workers without paid sick days are more likely to delay medical care when they or a family member is ill which can lead to a more serious or prolonged illness.[13]A 2016 analysis of the 2013 NHIS—which controlled for demographic and health-related factors like race and ethnicity, occupation, annual family income, and health insurance coverage—indicates that workers without paid sick leave are three times more likely to forgo medical care for themselves, and 1.6 times more likely to forgo medical care for their families, compared with workers who have the benefit.[14] A 2011 analysis of the NHIS found that when they do seek care, workers without paid sick days—regardless of their educational attainment, income, race/ethnicity and other demographic characteristics—are more likely to use an emergency department for care.[15]

- **Improved family health:** Paid sick days may encourage workers to respond to their children's and family members' health needs in a timely manner, thereby improving overall health outcomes for their families. Paid sick days are a primary factor affecting whether a working parent will stay at home with a sick child rather than sending them to school or child care sick. The 2010 National Opinion Research Center Survey found that

28 percent of workers without paid sick days reported sending a sick child to school or child care, compared with 14 percent of workers with paid sick days.[16] A 2012 study analyzing the 2008 National Study of the Changing Workforce (NSCW) and controlling for worker and job characteristics finds that having paid sick days is associated with reduced work-family conflict, which lessens difficulties parents face in taking time off from work to care for a sick child.[17]

Paid Sick Days Bring Economic Benefits for Workers, Families, and Communities

- **Improved employment and earnings stability:** When incomes are not interrupted by unpaid leave, families experience greater financial stability and economic well-being. According to a 2010 poll, 16 percent of workers surveyed reported losing a job for missing work when they were sick or to care for an ill family member.[18] Research has shown that having paid sick days reduces the likelihood of a job separation by at least 25 percent.[19]

- **Improved labor force attachment among caregivers:** Informal caregivers whose work schedules are incompatible with the care needs of their family members may decrease their work hours or even leave the labor force completely.[20] One 2011 Gallup poll found that most caregivers, including parents, reported missing at least one full day of work to fulfill their caregiving duties with an average of 6.6 workdays missed per year.[21] Paid sick days, however, may provide sufficient leave to caregivers to allow them to maintain their desired level of employment while continuing to perform their caregiving work.

- **Savings from reduced utilization of hospital emergency departments and a lower monetary burden on taxpayers:** A 2011 study using the 2008 and 2009 NHIS finds that the annual number of emergency department visits per worker without paid sick days is greater than it is for those with the benefit. Using MEPS data on the cost of emergency department visits, the study estimates that a lack of paid sick days resulted in an estimated 1.3 million preventable emergency department visits every year in the United States in 2008, costing $1.1 billion more than office visits would have. Part of these costs—$500 million—were paid by public insurance programs such as Medicaid.[22]

Research Finds Benefits of Existing Paid Sick Days Laws and Minimal Costs to Employers

Since the implementation of the first paid sick days law in 2007, several studies have evaluated the impacts of the legislation, with a particular emphasis on the effects on employers. These evaluations have largely found that the overall impact on businesses was minimal. Many firms saw benefits from the policy and counted themselves as supporters after implementing it.

- **Minimal costs:** Costs to employers of providing paid sick days have been modest. In Seattle, evaluations found that the cost of providing paid sick leave in 2013 was only

about 0.4 percent of total firm revenue for the year.[23] In Connecticut, nearly half of 228 employers surveyed in 2013, a year and a half after the state's paid sick days law's implementation, reported having no increased overall cost, and 19.1 percent of employers reported an increased cost of less than 2 percent.[24] In San Francisco, the paid sick leave ordinance created additional costs for a relatively small share of employers. Six out of seven employers reported no adverse effects on profitability.[25]

- **Ease of implementation:** Research shows that paid sick days have minimal effect on business operations. Most San Francisco employers reported that implementing the Paid Sick Leave Ordinance was not difficult.[26] Likewise, about two thirds of Seattle employers reported that implementing the Paid Sick and Safe Time Ordinance was not very difficult, and 70 percent expressed support for the policy a year after implementation of the Ordinance.[27] Similarly, a large majority of Connecticut employers surveyed in 2013 indicated that the Paid Sick Leave Law did not burden business operations.[28]

- **Employees use paid sick days judiciously:** Several years after the implementation of San Francisco's paid sick days law, an IWPR survey of 1,194 workers found that employees in San Francisco used fewer than half of the sick days available under the paid sick leave ordinance.[29] Using data from the 2014 NHIS, IWPR found that most workers who do have access to paid sick days do not use any in a given year.[30] In regions that have passed paid sick day laws, surveys suggest that abuse of paid sick days is rare. Among 228 Connecticut employers surveyed by the Center for Economic and Policy Research, 86 percent reported no known cases of abuse more than a year after paid sick days was implemented.[31] A report published by the City of Seattle auditor finds that more than nine in ten Seattle employers surveyed in 2012 had never reprimanded an employee for abusing paid sick days.[32]

- **Sustained job growth and employment:** In contrast to messaging communicated by big business lobbyists prior to the laws' passage, both Seattle and San Francisco saw positive job growth in the period after their laws took effect, and this job growth was much higher than in the surrounding areas for both cities. San Francisco's growth in employment exceeded the average employment growth of surrounding counties after the paid sick days law was passed.[33] In the 10 months after the adoption of Seattle's Paid Sick and Safe Time Ordinance, King County (where Seattle is located) did not see negative economic impacts; rather, the county saw sustained job growth and reduced unemployment rates.[34]

- **Improved employee morale, motivation, loyalty, and productivity**: Over a quarter of Connecticut employers reported improved morale, 12.5 percent reported increased employee motivation, 10.6 percent reported increased loyalty, and 14.9 percent reported increased productivity after implementation of the state's paid sick days law.[35]

- **Improved work life balance for employees:** A 2010 IWPR survey found that one out of four San Francisco employees reported that paid sick days enabled them to better care for their own and their families' health needs. In addition, nearly 30 percent reported that their employers were more supportive when they needed to use their leave than they were

prior to the law's passage. More than half of all San Francisco workers reported at least one benefit as a result of the ordinance.[36]

- **Reduced flu contagion in locations with paid sick day laws:** One recent study used Google Flu data from 2003 to 2015 to show that influenza-like infection rates decrease significantly when workers gain access to paid sick days. By comparing the rates of influenza-like illnesses in regions with paid sick days policies—including the District of Columbia, Connecticut, California, Massachusetts, and Oregon—with those lacking such laws, the study finds that infection rates decrease by about 10 percent when employees without coverage obtain paid sick days.[37]

Conclusion

Literature spanning the fields of public health, economics, sociology, medicine, social work, and public policy converge to reflect the health, employment, and economic benefits of paid sick days. Research suggests that more widespread implementation of paid sick days policies would have a substantial positive impact on the well-being of children, families, and communities across the United States.

Notes

[1] For a complete list of paid sick days laws and their provisions, see: A Better Balance, "Overview of Paid Sick Time Laws in the United States," <http://www.abetterbalance.org/web/images/stories/Documents/sickdays/factsheet/PSDchart.pdf> (accessed May 4, 2016).
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[3] Tom W. Smith and Jibum Kim, "Paid Sick Days: Attitudes and Experiences," Public Welfare Foundation (June 2010) <http://www.nationalpartnership.org/research-library/work-family/psd/paid-sick-days-attitudes-and-experiences.pdf> (accessed January 12, 2016).
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[10] Heather Hill, "Paid Sick Leave and Job Stability," *Work and Occupations* 40(2): 143-173 (2013).
[11] Heather Boushey and Sarah Jane Glynn, "There Are Significant Business Costs to Replacing Employees," Center for American Progress (November 16, 2012) <https://www.americanprogress.org/wp-content/uploads/2012/11/CostofTurnover.pdf> (accessed January 12, 2016).
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[26] ibid.
[27] Jennifer Romich with Wes Bignell, Tracy Brazg, Chantel Johnson, Cori Mar, Jennifer Morton, and Chiho Song, "Implementation and Early Outcomes of the City of Seattle Paid Sick and Safe Time Ordinance," (April 23, 2014)

<http://www.seattle.gov/Documents/Departments/CityAuditor/auditreports/PSSTOUWReportwAppendices.pdf> (accessed January 12, 2016).
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Funding for this briefing paper was provided by the Ford Foundation and the Annie E. Casey Foundation.

For more information on IWPR reports or membership, please call (202) 785-5100, e-mail iwpr@iwpr.org, or visit www.iwpr.org.

The Institute for Women's Policy Research (IWPR) conducts rigorous research and disseminates its findings to address the needs of women, promote public dialogue, and strengthen families, communities, and societies. The Institute works with policymakers, scholars, and public interest groups to design, execute, and disseminate research that illuminates economic and social policy issues affecting women and their families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR's work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations and corporations. IWPR is a 501(c)(3) tax-exempt organization that also works in affiliation with the women's studies, and public policy and public administration programs at The George Washington University.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, St. Louis Community College,** the **Missouri Technology Corporation,** the **Missouri Life Sciences Research Board,** the **Missouri Ethics Commission,** the **Kansas City Boards of Police Commissioners,** the **St. Louis City Board of Police Commissioners,** the **St. Louis County Board of Elections,** the **Board of Election Commissioners City of St. Louis,** the **Clay County Board of Election Commissioners, Harris-Stowe State University, Lincoln University, Missouri Western State University, Northwest Missouri State University, Southeast Missouri State University,** and **Truman State University**.

Fiscal Note Summary

State and local governments expect no direct costs from this proposal, but indicated unknown higher costs for goods and services may result. Any change in tax revenue for state and local governments is unknown.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

RECEIVED
NOV 15 2016
STATE AUDITORS OFFICE

ELECTIONS DIVISION
(573) 751-2301

18-027

November 15, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 12 (2018-027)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 14, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

18-027

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

18-027

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next three years, until it reaches $12.00 per hour, effective January 1, 2022. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2023, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-one percent, effective January 1, 2019;
(2) fifty-three, effective January 1, 2020;
(3) fifty-five percent, effective January 1, 2021;
(4) fifty-seven percent, effective January 1, 2022;
(5) fifty-eight percent, effective January 1, 2023;
(6) sixty percent, effective January 1, 2024;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at

the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

18-027

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

RECEIVED
NOV 15 2016
STATE AUDITORS OFFICE

ELECTIONS DIVISION
(573) 751-2301

18-026

November 15, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 11 (2018-026)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 14, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

18-026

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

18-026

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next three years, until it reaches $12.00 per hour, effective January 1, 2022. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2023, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-five percent, effective January 1, 2019;
(2) sixty percent, effective January 1, 2020;
(3) sixty-five percent, effective January 1, 2021;
(4) seventy percent, effective January 1, 2022;
(5) seventy-five percent, effective January 1, 2023;
(6) eighty percent, effective January 1, 2024;
(7) eighty-five percent, effective January 1, 2025;
(8) ninety percent, effective January 1, 2026;
(9) ninety-five percent; effective January 1, 2027;
(10) one hundred percent, effective January 1, 2028;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

18-026

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

RECEIVED
NOV 15 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

18-025

November 15, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 10 (2018-025)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 14, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

18-025

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
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10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

18-025

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next four years, until it reaches $13.00 per hour, effective January 1, 2023. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2024, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-one percent, effective January 1, 2019;
(2) fifty-three, effective January 1, 2020;
(3) fifty-five percent, effective January 1, 2021;
(4) fifty-seven percent, effective January 1, 2022;
(5) fifty-eight percent, effective January 1, 2023;
(6) sixty percent, effective January 1, 2024;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at

the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

18-025

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

RECEIVED
NOV 15 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

18-024

November 15, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 9 (2018-024)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 14, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

18-024

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

18-024

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next four years, until it reaches $13.00 per hour, effective January 1, 2023. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2024, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-five percent, effective January 1, 2019;
(2) sixty percent, effective January 1, 2020;
(3) sixty-five percent, effective January 1, 2021;
(4) seventy percent, effective January 1, 2022;
(5) seventy-five percent, effective January 1, 2023;
(6) eighty percent, effective January 1, 2024;
(7) eighty-five percent, effective January 1, 2025;
(8) ninety percent, effective January 1, 2026;
(9) ninety-five percent; effective January 1, 2027;
(10) one hundred percent, effective January 1, 2028;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

18-084

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

RECEIVED
NOV 15 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

18-023

November 15, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 8 (2018-023)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 14, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

18-023

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

18-023

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next five years, until it reaches $14.00 per hour, effective January 1, 2024. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2025, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-one percent, effective January 1, 2019;
(2) fifty-three, effective January 1, 2020;
(3) fifty-five percent, effective January 1, 2021;
(4) fifty-seven percent, effective January 1, 2022;
(5) fifty-eight percent, effective January 1, 2023;
(6) sixty percent, effective January 1, 2024;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at

the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

18-023

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

RECEIVED
NOV 15 2016
STATE AUDITORS OFFICE

ELECTIONS DIVISION
(573) 751-2301

18-022

November 15, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 7 (2018-022)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 14, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

18-022

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

18-022

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next five years, until it reaches $14.00 per hour, effective January 1, 2024. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2025, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-five percent, effective January 1, 2019;
(2) sixty percent, effective January 1, 2020;
(3) sixty-five percent, effective January 1, 2021;
(4) seventy percent, effective January 1, 2022;
(5) seventy-five percent, effective January 1, 2023;
(6) eighty percent, effective January 1, 2024;
(7) eighty-five percent, effective January 1, 2025;
(8) ninety percent, effective January 1, 2026;
(9) ninety-five percent; effective January 1, 2027;
(10) one hundred percent, effective January 1, 2028;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

18-022

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

RECEIVED
NOV 15 2016
STATE AUDITORS OFFICE

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

18-021

November 15, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 6 (2018-021)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 14, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

18-021

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

18-021

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.75 per hour, effective January 1 of each of the next eight years, until it reaches $15.00 per hour, effective January 1, 2027. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2028, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-one percent, effective January 1, 2019;
(2) fifty-three, effective January 1, 2020;
(3) fifty-five percent, effective January 1, 2021;
(4) fifty-seven percent, effective January 1, 2022;
(5) fifty-eight percent, effective January 1, 2023;
(6) sixty percent, effective January 1, 2024;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at

the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

18-021

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
NOV 15 2016
STATE AUDITORS OFFICE

18-020

November 15, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 5 (2018-020)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 14, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

18-020

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

18-020

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.75 per hour, effective January 1 of each of the next eight years, until it reaches $15.00 per hour, effective January 1, 2027. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2028, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-five percent, effective January 1, 2019;
(2) sixty percent, effective January 1, 2020;
(3) sixty-five percent, effective January 1, 2021;
(4) seventy percent, effective January 1, 2022;
(5) seventy-five percent, effective January 1, 2023;
(6) eighty percent, effective January 1, 2024;
(7) eighty-five percent, effective January 1, 2025;
(8) ninety percent, effective January 1, 2026;
(9) ninety-five percent; effective January 1, 2027;
(10) one hundred percent, effective January 1, 2028;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

18-020

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

RECEIVED
NOV 15 2016
STATE AUDITORS OFFICE

ELECTIONS DIVISION
(573) 751-2301

18-019

November 15, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 4 (2018-019)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 14, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

18-019

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____
(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____
Signature of Notary

My commission expires _____.

_____
Address of Notary (Street, City, State & Zip Code)

Be it enacted by the people of the state of Missouri:

18-019

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.05 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.85 per hour, effective January 1 of each of the next seven years, until it reaches $15.00 per hour, effective January 1, 2026. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2027, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-one percent, effective January 1, 2019;
(2) fifty-three, effective January 1, 2020;
(3) fifty-five percent, effective January 1, 2021;
(4) fifty-seven percent, effective January 1, 2022;
(5) fifty-eight percent, effective January 1, 2023;
(6) sixty percent, effective January 1, 2024;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at

the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

18-019

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

RECEIVED
NOV 15 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 15, 2016

18-018

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 3 (2018-018)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 14, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

18-018

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____. _____

Address of Notary (Street, City, State & Zip Code)

18-018

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $9.05 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $.85 per hour, effective January 1 of each of the next seven years, until it reaches $15.00 per hour, effective January 1, 2026. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2027, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-five percent, effective January 1, 2019;
(2) sixty percent, effective January 1, 2020;
(3) sixty-five percent, effective January 1, 2021;
(4) seventy percent, effective January 1, 2022;
(5) seventy-five percent, effective January 1, 2023;
(6) eighty percent, effective January 1, 2024;
(7) eighty-five percent, effective January 1, 2025;
(8) ninety percent, effective January 1, 2026;
(9) ninety-five percent; effective January 1, 2027;
(10) one hundred percent, effective January 1, 2028;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

18-018

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

RECEIVED
NOV 15 2016
STATE AUDITORS OFFICE

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

18-017

November 15, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 2 (2018-017)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 14, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

18-017

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

18-017

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next seven years, until it reaches $15.00 per hour, effective January 1, 2026. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2027, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-one percent, effective January 1, 2019;
(2) fifty-three, effective January 1, 2020;
(3) fifty-five percent, effective January 1, 2021;
(4) fifty-seven percent, effective January 1, 2022;
(5) fifty-eight percent, effective January 1, 2023;
(6) sixty percent, effective January 1, 2024;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at

the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

18-07

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

RECEIVED
NOV 15 2016
STATE AUDITORS OFFICE

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

18-016

November 15, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Richard Von Glahn regarding a proposed statutory amendment to Chapter 290, version 1 (2018-016)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Revised Statutes of Missouri filed by Richard Von Glahn on November 14, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

18-016

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

RECEIVED
NOV 1 6 2018

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of Payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____

Notary Public (Seal)

_____

Signature of Notary

My commission expires

_____.

_____

Address of Notary (Street, City, State & Zip Code)

18-016

Be it enacted by the people of the state of Missouri:

Sections 290.502, 290.512, and 290.527 of the Revised Statutes of Missouri are amended and a new section to be known as section 290.529 is enacted to read as follows:

290.502. 1. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, effective January 1, 2007, every employer shall pay to each employee wages at the rate of $6.50 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher.

2. The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.

3. Except as may be otherwise provided pursuant to sections 290.500 to 290.530, and notwithstanding subsection (1) of this section, effective January 1, 2019, every employer shall pay to each employee wages at the rate of not less than $8.00 per hour, or wages at the same rate or rates set under the provisions of federal law as the prevailing federal minimum wage applicable to those covered jobs in interstate commerce, whichever rate per hour is higher. Thereafter, the minimum wage established by this subsection shall be increased each year by $1.00 per hour, effective January 1 of each of the next seven years, until it reaches $15.00 per hour, effective January 1, 2026. Thereafter, the minimum wage established by this subsection shall be increased or decreased on January 1, 2027, and on January 1 of successive years, per the method set forth in subsection (2) of this section. If at any time the federal minimum wage rate is above or is thereafter increased above the minimum wage then in effect under this subsection, the minimum wage required by this subsection shall continue to be increased pursuant to this subsection (3), but the higher federal rate shall immediately become the minimum wage required by this subsection and shall be increased or decreased per the method set forth in subsection (2) for so long as it remains higher than the state minimum wage required and increased pursuant to this subsection.

4. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (3) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsections (1) and (2) of this section shall continue to be subject to those subsections.

290.512. 1. [No] Except as provided in subsection (2) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of fifty percent of the minimum wage rate specified in sections 290.500 to 290.530, however, total compensation for such employee shall total at least the minimum wage specified in sections 290.500 to 290.530, the difference being made up by the employer.

2. Beginning January 1, 2019 and effective on the dates set forth below in this subsection, and notwithstanding the percentage established in subsection (1) of this section, no employer of any employee who receives and retains compensation in the form of gratuities in addition to wages is required to pay wages in excess of the percent set forth below in this subsection of the minimum wage rate specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530:

(1) fifty-five percent, effective January 1, 2019;
(2) sixty percent, effective January 1, 2020;
(3) sixty-five percent, effective January 1, 2021;
(4) seventy percent, effective January 1, 2022;
(5) seventy-five percent, effective January 1, 2023;
(6) eighty percent, effective January 1, 2024;
(7) eighty-five percent, effective January 1, 2025;
(8) ninety percent, effective January 1, 2026;
(9) ninety-five percent; effective January 1, 2027;
(10) one hundred percent, effective January 1, 2028;

however, in all cases, total compensation for such employee shall total at least the minimum wage specified in subsection (3) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530, the difference being made up by the employer.

3. For purposes of this section, the term "public employer" means an employer that is the state or a political subdivision of the state, including a department, agency, officer, bureau, division, board, commission, or instrumentality of the state, or a city, county, town, village, school district, or other political subdivision of the state. Subsection (2) of this section shall not apply to a public employer with respect to its employees. Any public employer that is subject to subsection (1) of this section shall continue to be subject to that subsection at the percentage set forth therein of the minimum wage rate specified in subsections (1) and (2) of section 290.502 or, where applicable, the minimum wage rate otherwise specified in sections 290.500 to 290.530.

18-016

[2.] 4. If an employee receives and retains compensation in the form of goods or services as an incident of his employment and if he is not required to exercise any discretion in order to receive the goods or services, the employer is required to pay only the difference between the fair market value of the goods and services and the minimum wage otherwise required to be paid by sections 290.500 to 290.530. The fair market value of the goods and services shall be computed on a weekly basis. The director shall provide by regulation a method of valuing the goods and services received by any employee in lieu of the wages otherwise required to be paid under the provisions of sections 290.500 to 290.530. He shall also provide by regulation a method of determining those types of goods and services that are an incident of employment the receipt of which does not require any discretion on the part of the employee.

290.527. Any employer who pays any employee less wages than the wages to which the employee is entitled under or by virtue of sections 290.500 to 290.530 shall be liable to the employee affected for the full amount of the wage rate and an additional [equal] amount equal to twice the unpaid wages as liquidated damages, less any amount actually paid to the employee by the employer and for costs and such reasonable attorney fees as may be allowed by the court or jury. The employee may bring any legal action necessary to collect the claim. Any agreement between the employee and the employer to work for less than the wage rate shall be no defense to the action. All actions for the collection of any deficiency in wages shall be commenced within [two] three years of the accrual of the cause of action.

290.529. Except in the circumstances set forth in section 290.523, all the provisions of sections 290.500 to 290.530 are severable. If any provision, including any section, subsection, subdivision, paragraph, sentence, or clause, of sections 290.500 to 290.530, or the application thereof to any person or circumstance, is found by a court of competent jurisdiction to be invalid, unconstitutional, or unconstitutionally enacted, such decision shall not affect other provisions or applications of sections 290.500 to 290.530 that can be given effect without the invalid, unconstitutional, or unconstitutionally enacted provision or application.

18-015

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 14, 2016

RECEIVED
NOV 14 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III, version 8 (2018-015)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sean Soendker Nicholson on November 10, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

18-015

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

	NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____ _____

Signature of Notary

_____

Address of Notary (Street, City, State & Zip Code)

My commission expires _____.

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NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication, the following Articles and Sections of the Constitution of Missouri: Article I, Section 8 and the following Sections of the Missouri Revised Statutes: Sections 105.450 through 105.496 and Sections 130.011 through 130.160. The proposed amendment revises Article III of the Constitution by amending Sections 2, 5, 7, and 19 and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d).

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article III of the Constitution is revised by amending Sections 2, 5, 7, 19, and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d) to read as follows:

Section 2.

After the effective date of this section, no person serving as a member of or employed by the General Assembly shall act or serve as a paid lobbyist, register as a paid lobbyist, or solicit prospective employers or clients to represent as a paid lobbyist during the time of such service until the expiration of two calendar years after the conclusion of the session of the general assembly in which the member or employee last served and where such service was after the effective date of this section.

(a) No person serving as a member of or employed by the General Assembly shall accept directly or indirectly a gift of any tangible or intangible item, service, or thing of value from any paid lobbyist or lobbyist principal in excess of five dollars per occurrence. This Article shall not prevent Candidates for the General Assembly, including candidates for reelection, or candidates for offices within the senate or house from accepting campaign contributions consistent with this Article and applicable campaign finance law. Nothing in this section shall prevent individuals from receiving gifts, family support or anything of value from those related to them within the fourth degree by blood or marriage. The dollar limitations of this section shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency and rounded to the nearest dollar amount.

(c) The General Assembly shall make no law authorizing unlimited campaign contributions to candidates for the General Assembly, nor any law that circumvents the contribution limits contained in this Constitution. In addition to other campaign contribution limitations or restrictions provided for by law, the amount of contributions made to or accepted by any candidate or candidate committee from any person other than the candidate in any one election for the General Assembly shall not exceed the following:

(1) To elect an individual to the office of state senator, two thousand five hundred dollars; and

(2) To elect an individual to the office of state representative, two thousand dollars.

The contribution limits and other restrictions of this section shall also apply to any person exploring a candidacy for a public office listed in this subsection.

For purposes of this subsection, "base year amount" shall be the contribution limits prescribed in this section. Contribution limits set forth herein shall be adjusted on the first day of January in each even-numbered year hereafter by multiplying the base year amount by the cumulative consumer price index and rounded to the nearest dollar amount, for all years after 2018.

(d) No contribution to a candidate for legislative office shall be made or accepted, directly or indirectly, in a fictitious name, in the name of another person, or by or through another person in such a manner as to, or with the intent to, conceal the identity of the actual source of the contribution. There shall be a rebuttable presumption that a contribution to a candidate for public office is made or accepted with the intent to circumvent the limitations on contributions imposed in this section when a contribution is received from a committee or organization that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations. A committee or organization shall be deemed to be primarily funded by a single person, individual, or other committee when the committee or organization receives more than fifty percent of its annual funding from that single person, individual, or other committee.

(e) In no circumstance shall a candidate be found to have violated limits on acceptance of contributions if the Missouri Ethics Commission, its successor agency, or a court determines that a candidate has taken no action to indicate acceptance of or acquiescence to the making of an expenditure that is deemed a contribution pursuant to this section.

(f) No candidate shall accept contributions from any federal political action committee unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The non-partisan state demographer shall be appointed by the Governor through a merit based process. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.

(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned [in the following manner:] as provided in this section.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

(a) Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census.

(b) Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily,

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competitiveness. Partisan fairness means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. Competitiveness means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the non-partisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the non-partisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. Wasted votes are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the non-partisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the non-partisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The non-partisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

(c) Subject to the requirements of subdivisions (1)(a) and (1)(b), Districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

(d) To the extent consistent with subdivisions (1)(a) (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

(e) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States [and] or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days [after notification by the governor] that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

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Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission the commission shall receive the tentative plan of apportionment and map of the proposed districts ordered in subsection 4 of this section and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 5.

(a) The Senate shall consist of thirty-four members elected by the qualified voters of the senatorial [respective] districts for a term of four years. [For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.] Senatorial districts shall be apportioned as provided for in Article III, Section 7.

Section 7.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, [and] or within sixty days after [notification by the governor that] a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by subsection (d) of this section, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven members.

After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided.

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except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 19.

(a) Senators and representatives shall, in all cases except treason, felony, offenses under this Article, or breach of the peace, be privileged from arrest during the session of the general assembly, and for the fifteen days next before the commencement and after the termination of each session; and they shall not be questioned for any speech or debate in either house in any other place.

(b) Legislative records shall be public records and subject to generally applicable state laws governing public access to public records, including the "Sunshine Law." Legislative records include, but are not limited to, all records, in whatever form or format, of the official acts of the general assembly, of the official acts of legislative committees, of the official acts of members of the general assembly, of individual legislators, their employees and staff, of the conduct of legislative business and all records that are created, stored or distributed through legislative branch facilities, equipment or mechanisms, including electronic. Each member of the general assembly is the custodian of legislative records under the custody and control of the member, their employees and staff. The chief clerk of the house or the secretary of the senate are the custodians for all other legislative records relating to the house and the senate, respectively.

(c) Legislative proceedings, including committee proceedings, shall be public meetings subject to generally applicable law governing public access to public meetings, including the "Sunshine Law." Open public meetings of legislative proceedings shall be subject to recording by citizens, so long as the proceedings are not materially disrupted.

Section 20(c).

No political fundraising activities or political fundraising event by any member of or candidate for the general assembly, including but not limited to the solicitation or delivery of contributions, supporting or opposing any candidate, initiative petition, referendum petition, ballot measure, political party or political committee, shall occur in or on any premises, property or building owned, leased or controlled by the State of Missouri or any agency or division thereof. Any purposeful violation of this section shall be punishable by imprisonment for up to one year or a fine of up to one thousand dollars or both, plus an amount equal to three times the illegal contributions. The Missouri Ethics Commission or its successor agency is authorized to enforce this section as provided by law.

Section 20(d).

If any provision of sections 2, 3, 7, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-015)

Subject

Initiative petition from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III. (Received November 14, 2016)

Date

December 5, 2016

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Ethics Commission,** and the **State Auditor's office.**

Sean Soendker Nicholson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there is no impact to their department for this petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated the Governor is responsible for appointing a non-partisan State Demographer; however, there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to that institution.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this initiative petition revises Article III of the Missouri Constitution by amending Sections 2, 5, 7, and 19 and enacting three new sections.

Legislators and their employees are prohibited from lobbying for at least two years after the conclusion of the session during which they vacate office, and from acting as paid consultants while in office. Legislators and their staff are prohibited from accepting a gift in excess of five dollars, per occurrence.

The initiative creates the post of "non-partisan State Demographer" to oversee the redistricting process for the state House and Senate districts. The demographer is to be selected by the Governor through a merit-based system and shall serve a term of five years. This demographer will be unable to hold elected office for four years following the filing of the new legislative districts. The redistricting process shall maximize partisan fairness and competitiveness.

It mandates that legislative records which are created, stored or distributed through legislative branch facilities, equipment or mechanisms shall be public. It allows explicitly identifies legislative proceedings as open meetings and authorizes recording of such proceedings by citizens.

Political fundraising activities and events may not be held in any location owned by, or under the control of, the State of Missouri.

Campaign contributions for state senators are limited to $2,500 and representatives are limited to $2,000, with CPI adjustments made in even-numbered years. Also, contributions from federal political action committees are prohibited unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

This proposal could have an impact on their office. There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. If the existing State Demographer would be expected to assume the role of "Non-partisan State Demographer", there would be no fiscal impact. However, if that post is filled by another individual, the salary and benefits costs would be an estimated $128,513 in FY 2021, adjusted for inflation. In either scenario, the cost for other staff hired for the purposes of redistricting would remain the same.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on that institution.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated no apparent impact on their city.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition should not have a fiscal impact on their local government.

Officials from the **Metropolitan Community College** indicated there is no anticipated impact for their college.

Officials from the **University of Missouri** indicated the proposed initiative petition will not have a fiscal impact on their university.

Officials from the **Missouri Ethics Commission** (MEC) indicated:

The total estimated net effect on all state funds will be $67,478 for the first year implemented, $61,107 for the second year implemented, and $61,734 for the third year implemented.

Prohibiting a statewide elected official, member of the general assembly or paid employee of general assembly from acting, serving, or registering as a lobbyist for a specified period of time after leaving office would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight to ensure those individuals leaving the general assembly do not register as a lobbyist with the MEC for the specified period of time. This would entail reviewing lobbyist registrations, at the time of receipt by the MEC, and comparing them to those members of the general assembly who have left office within the specified period of time. For any individual submitting a registration, create the necessary correspondence to the registrant and track the results of the correspondence.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Implementing prohibition for a member of general assembly, staff/employees of the general assembly to accept specified monetary lobbyist/lobbyist principal gifts would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific gift prohibition, including reviewing lobbyist reports as established in Section 105.959, RSMo. This oversight, it is assumed, would be primarily from receiving written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission would require additional staff resources.

Implementing campaign finance limits would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about these limits; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

Oversee the prohibition of political fundraising activities or events from occurring on State of Missouri property or any agency or division thereof would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about this provision; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific restrictions, including reviewing, auditing, and performing cross checks of the reported fund raising activity, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

In regards to all of the provisions outlined above, if the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The implementation of contribution limits requires the Missouri Ethics Commission to request additional funding. Below is an outline of the additional funding. In the 2016 November General Election a Constitutional Amendment implementing contribution limits was adopted by voters. At this time, the Missouri Ethics Commission has not received the additional funding required to implement contribution limits.

The proposed provisions would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

- $15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

•1 Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800 committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.
•If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

Officials from the **State Auditor's office** (SAO) indicated there is no fiscal impact for their office.

Sean Soendker Nicholson provided the following information as a proponent of this initiative petition.

I am a proponent of the above listed initiative petitions. Pursuant to 116.175 RSMo, I submit the following information regarding the initiative petitions.

There is no cost to the state over the next two years as a result of passage of any of the initiatives. Any potential costs arising from the adoption of these proposals is minimal and can be absorbed with existing resources from the General Assembly, Missouri Ethics Commission, Attorney General's Office, Office of Administration, and other state agencies.

There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. The existing State Demographer can be expected to assume the role of Non-partisan State Demographer, and there would be no fiscal impact. Certainly there can be no definitive judgment that the measure would add costs for the state.

The proposals do not establish a new program or agency so there is no duplication of existing programs. There is no federal mandate with regard to the proposals. There will be no fiscal impact on any subdivision of the state. There will be no economic impact on small businesses.

The Missouri Ethics Commission is already required to provide guidance and information to members of the General Assembly and Missouri public about campaign finance rules and lobbying rules, and is already required to respond to written complaints through conducting investigations and the related legal actions.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate annual operating costs may increase by $189,000. Local governmental entities report no fiscal impact.

18-014

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 14, 2016

RECEIVED
NOV 14 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III, version 7 (2018-014)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sean Soendker Nicholson on November 10, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

18-014

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

	NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

Address of Notary (Street, City, State & Zip Code)

My commission expires _____.

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NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication, the following Articles and Sections of the Constitution of Missouri: Article I, Section 8 and the following Sections of the Missouri Revised Statutes: Sections 105.450 through 105.496 and Sections 130.011 through 130.160. The proposed amendment revises Article III of the Constitution by amending Sections 2, 5, 7, and 19 and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d).

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article III of the Constitution is revised by amending Sections 2, 5, 7, 19, and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d) to read as follows:

Section 2.

After the effective date of this section, no person serving as a member of or employed by the General Assembly shall act or serve as a paid lobbyist, register as a paid lobbyist, or solicit prospective employers or clients to represent as a paid lobbyist during the time of such service until the expiration of two calendar years after the conclusion of the session of the general assembly in which the member or employee last served and where such service was after the effective date of this section.

(a) No person serving as a member of or employed by the General Assembly shall accept directly or indirectly a gift of any tangible or intangible item, service, or thing of value from any paid lobbyist or lobbyist principal in excess of five dollars per occurrence. This Article shall not prevent Candidates for the General Assembly, including candidates for reelection, or candidates for offices within the senate or house from accepting campaign contributions consistent with this Article and applicable campaign finance law. Nothing in this section shall prevent individuals from receiving gifts, family support or anything of value from those related to them within the fourth degree by blood or marriage. The dollar limitations of this section shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency and rounded to the nearest dollar amount.

(c) The General Assembly shall make no law authorizing unlimited campaign contributions to candidates for the General Assembly, nor any law that circumvents the contribution limits contained in this Constitution. In addition to other campaign contribution limitations or restrictions provided for by law, the amount of contributions made to or accepted by any candidate or candidate committee from any person other than the candidate in any one election for the General Assembly shall not exceed the following:

(1) To elect an individual to the office of state senator, two thousand five hundred dollars; and

(2) To elect an individual to the office of state representative, two thousand dollars.

The contribution limits and other restrictions of this section shall also apply to any person exploring a candidacy for a public office listed in this subsection.

For purposes of this subsection, "base year amount" shall be the contribution limits prescribed in this section. Contribution limits set forth herein shall be adjusted on the first day of January in each even-numbered year hereafter by multiplying the base year amount by the cumulative consumer price index and rounded to the nearest dollar amount, for all years after 2018.

(d) No contribution to a candidate for legislative office shall be made or accepted, directly or indirectly, in a fictitious name, in the name of another person, or by or through another person in such a manner as to, or with the intent to, conceal the identity of the actual source of the contribution. There shall be a rebuttable presumption that a contribution to a candidate for public office is made or accepted with the intent to circumvent the limitations on contributions imposed in this section when a contribution is received from a committee or organization that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations. A committee or organization shall be deemed to be primarily funded by a single person, individual, or other committee when the committee or organization receives more than fifty percent of its annual funding from that single person, individual, or other committee.

(e) In no circumstance shall a candidate be found to have violated limits on acceptance of contributions if the Missouri Ethics Commission, its successor agency, or a court determines that a candidate has taken no action to indicate acceptance of or acquiescence to the making of an expenditure that is deemed a contribution pursuant to this section.

(f) No candidate shall accept contributions from any federal political action committee unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The non-partisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the non-partisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the non-partisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the non-partisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.

(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned [in the following manner:] as provided in this section.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

(a) Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total

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population of the state reported in the federal decennial census.

(b) Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (, amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily, competitiveness. Partisan fairness means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. Competitiveness means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the non-partisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the non-partisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. Wasted votes are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the non-partisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the non-partisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The non-partisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

(c) Subject to the requirements of subdivisions (1)(a) and (1)(b), Districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

(d) To the extent consistent with subdivisions (1)(a) - (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

(e) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) - (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States [and] or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days [after notification by the governor] that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-

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partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission the commission shall receive the tentative plan of apportionment and map of the proposed districts ordered in subsection 4 of this section and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 5.

(a) The Senate shall consist of thirty-four members elected by the qualified voters of the senatorial [respective] districts for a term of four years. [For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.] Senatorial districts shall be apportioned as provided for in Article III, Section 7.

Section 7.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, [and] or within sixty days after [notification by the governor that] a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by subsection (d) of this section, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

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Not later than five months after the appointment of the commission the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven members.

After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 19.

(a) Senators and representatives shall, in all cases except treason, felony, offenses under this Article, or breach of the peace, be privileged from arrest during the session of the general assembly, and for the fifteen days next before the commencement and after the termination of each session; and they shall not be questioned for any speech or debate in either house in any other place.

(b) Legislative records shall be public records and subject to generally applicable state laws governing public access to public records, including the "Sunshine Law." Legislative records include, but are not limited to, all records, in whatever form or format, of the official acts of the general assembly, of the official acts of legislative committees, of the official acts of members of the general assembly, of individual legislators, their employees and staff, of the conduct of legislative business and all records that are created, stored or distributed through legislative branch facilities, equipment or mechanisms, including electronic. Each member of the general assembly is the custodian of legislative records under the custody and control of the member, their employees and staff. The chief clerk of the house or the secretary of the senate are the custodians for all other legislative records relating to the house and the senate, respectively.

(c) Legislative proceedings, including committee proceedings, shall be public meetings subject to generally applicable law governing public access to public meetings, including the "Sunshine Law." Open public meetings of legislative proceedings shall be subject to recording by citizens, so long as the proceedings are not materially disrupted.

Section 20(c).

No political fundraising activities or political fundraising event by any member of or candidate for the general assembly, including but not limited to the solicitation or delivery of contributions, supporting or opposing any candidate, initiative petition, referendum petition, ballot measure, political party or political committee, shall occur in or on any premises, property or building owned, leased or controlled by the State of Missouri or any agency or division thereof. Any purposeful violation of this section shall be punishable by imprisonment for up to one year or a fine of up to one thousand dollars or both, plus an amount equal to three times the illegal contributions. The Missouri Ethics Commission or its successor agency is authorized to enforce this section as provided by law.

Section 20(d).

If any provision of sections 2, 3, 7, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-014)

Subject

Initiative petition from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III. (Received November 14, 2016)

Date

December 5, 2016

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Ethics Commission,** and the **State Auditor's office.**

Sean Soendker Nicholson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there is no impact to their department for this petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to that institution.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this initiative petition revises Article III of the Missouri Constitution by amending Sections 2, 5, 7, and 19 and enacting three new sections.

Legislators and their employees are prohibited from lobbying for at least two years after the conclusion of the session during which they vacate office, and from acting as paid consultants while in office. Legislators and their staff are prohibited from accepting a gift in excess of five dollars, per occurrence.

The initiative creates the post of "non-partisan State Demographer" to oversee the redistricting process for the state House and Senate districts. The demographer is to be selected by a process involving the State Auditor and the Senate majority and minority leaders. Note that the wording is unclear on this process because the only State Auditor list mentioned in the list of three names. Therefore, if each the minority and the majority member are allowed to remove one-third of the list, they may each remove one person, leaving only one choice left, so no random lottery would be necessary. This demographer will be unable to hold elected office for four years following the filing of the new legislative districts. The redistricting process shall maximize partisan fairness and competitiveness.

It mandates that legislative records which are created, stored or distributed through legislative branch facilities, equipment or mechanisms shall be public. It allows explicitly identifies legislative proceedings as open meetings and authorizes recording of such proceedings by citizens.

Political fundraising activities and events may not be held in any location owned by, or under the control of, the State of Missouri.

Campaign contributions for state senators are limited to $2,500 and representatives are limited to $2,000, with CPI adjustments made in even-numbered years. Also, contributions from federal political action committees are prohibited unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

This proposal could have an impact on their office. There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. If the existing State Demographer would be chosen to assume the role of "Non-partisan State Demographer", there would be no fiscal impact. However, if that post is filled by another individual, the salary and benefits costs would be an estimated $128,513 in FY 2021, adjusted for inflation. In either scenario, the cost for other staff hired for the purposes of redistricting would remain the same.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on that institution.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated no apparent impact on their city.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition should not have a fiscal impact on their local government.

Officials from the **Metropolitan Community College** indicated there is no anticipated impact for their college.

Officials from the **University of Missouri** indicated the proposed initiative petition will not have a fiscal impact on their university.

Officials from the **Missouri Ethics Commission** (MEC) indicated:

The total estimated net effect on all state funds will be $67,478 for the first year implemented, $61,107 for the second year implemented, and $61,734 for the third year implemented.

Prohibiting a statewide elected official, member of the general assembly or paid employee of general assembly from acting, serving, or registering as a lobbyist for a specified period of time after leaving office would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight to ensure those individuals leaving the general assembly do not register as a lobbyist with the MEC for the specified period of time. This would entail reviewing lobbyist registrations, at the time of receipt by the MEC, and comparing them to those members of the general assembly who have left office within the specified period of time. For any individual submitting a registration, create the necessary correspondence to the registrant and track the results of the correspondence.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Implementing prohibition for a member of general assembly, staff/employees of the general assembly to accept specified monetary lobbyist/lobbyist principal gifts would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific gift prohibition, including reviewing lobbyist reports as established in Section 105.959, RSMo. This oversight, it is assumed, would be primarily from receiving written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission would require additional staff resources.

Implementing campaign finance limits would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about these limits; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

Oversee the prohibition of political fundraising activities or events from occurring on State of Missouri property or any agency or division thereof would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about this provision; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific restrictions, including reviewing, auditing, and performing cross checks of the reported fund raising activity, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

In regards to all of the provisions outlined above, if the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The implementation of contribution limits requires the Missouri Ethics Commission to request additional funding. Below is an outline of the additional funding. In the 2016 November General Election a Constitutional Amendment implementing contribution limits was adopted by voters. At this time, the Missouri Ethics Commission has not received the additional funding required to implement contribution limits.

The proposed provisions would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

- $15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

•1 Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800 committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.
•If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

Officials from the **State Auditor's office** (SAO) indicated any additional costs can be absorbed within current appropriations.

Sean Soendker Nicholson provided the following information as a proponent of this initiative petition.

I am a proponent of the above listed initiative petitions. Pursuant to 116.175 RSMo, I submit the following information regarding the initiative petitions.

There is no cost to the state over the next two years as a result of passage of any of the initiatives. Any potential costs arising from the adoption of these proposals is minimal and can be absorbed with existing resources from the General Assembly, Missouri Ethics Commission, Attorney General's Office, Office of Administration, and other state agencies.

There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. The existing State Demographer can be expected to assume the role of Non-partisan State Demographer, and there would be no fiscal impact. Certainly there can be no definitive judgment that the measure would add costs for the state.

The proposals do not establish a new program or agency so there is no duplication of existing programs. There is no federal mandate with regard to the proposals. There will be no fiscal impact on any subdivision of the state. There will be no economic impact on small businesses.

The Missouri Ethics Commission is already required to provide guidance and information to members of the General Assembly and Missouri public about campaign finance rules and lobbying rules, and is already required to respond to written complaints through conducting investigations and the related legal actions.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate annual operating costs may increase by $189,000. Local governmental entities report no fiscal impact.

18-013

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 14, 2016

RECEIVED
NOV 14 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III, version 6 (2018-013)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sean Soendker Nicholson on November 10, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

18-013

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

	NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.						
2.						
3.						
4						
5.						
6.						
7.						
8.						
9.						
10.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201___.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

18-013.

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication, the following Articles and Sections of the Constitution of Missouri: Article I, Section 8 and the following Sections of the Missouri Revised Statutes: Sections 105.450 through 105.496 and Sections 130.011 through 130.160. The proposed amendment revises Article III of the Constitution by amending Sections 2, 5, 7, and 19 and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d).

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article III of the Constitution is revised by amending Sections 2, 5, 7, 19, and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d) to read as follows:

Section 2.

After the effective date of this section, no person serving as a member of or employed by the General Assembly shall act or serve as a paid lobbyist, register as a paid lobbyist, or solicit prospective employers or clients to represent as a paid lobbyist during the time of such service until the expiration of two calendar years after the conclusion of the session of the general assembly in which the member or employee last served and where such service was after the effective date of this section.

(a) No person serving as a member of or employed by the General Assembly shall accept directly or indirectly a gift of any tangible or intangible item, service, or thing of value from any paid lobbyist or lobbyist principal in excess of five dollars per occurrence. This Article shall not prevent Candidates for the General Assembly, including candidates for reelection, or candidates for offices within the senate or house from accepting campaign contributions consistent with this Article and applicable campaign finance law. Nothing in this section shall prevent individuals from receiving gifts, family support or anything of value from those related to them within the fourth degree by blood or marriage. The dollar limitations of this section shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency and rounded to the nearest dollar amount.

(c) The General Assembly shall make no law authorizing unlimited campaign contributions to candidates for the General Assembly, nor any law that circumvents the contribution limits contained in this Constitution. In addition to other campaign contribution limitations or restrictions provided for by law, the amount of contributions made to or accepted by any candidate or candidate committee from any person other than the candidate in any one election for the General Assembly shall not exceed the following:

(1) To elect an individual to the office of state senator, two thousand five hundred dollars; and

(2) To elect an individual to the office of state representative, two thousand dollars.

The contribution limits and other restrictions of this section shall also apply to any person exploring a candidacy for a public office listed in this subsection.

For purposes of this subsection, "base year amount" shall be the contribution limits prescribed in this section. Contribution limits set forth herein shall be adjusted on the first day of January in each even-numbered year hereafter by multiplying the base year amount by the cumulative consumer price index and rounded to the nearest dollar amount, for all years after 2018.

(d) No contribution to a candidate for legislative office shall be made or accepted, directly or indirectly, in a fictitious name, in the name of another person, or by or through another person in such a manner as to, or with the intent to, conceal the identity of the actual source of the contribution. There shall be a rebuttable presumption that a contribution to a candidate for public office is made or accepted with the intent to circumvent the limitations on contributions imposed in this section when a contribution is received from a committee or organization that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations. A committee or organization shall be deemed to be primarily funded by a single person, individual, or other committee when the committee or organization receives more than fifty percent of its annual funding from that single person, individual, or other committee.

(e) In no circumstance shall a candidate be found to have violated limits on acceptance of contributions if the Missouri Ethics Commission, its successor agency, or a court determines that a candidate has taken no action to indicate acceptance of or acquiescence to the making of an expenditure that is deemed a contribution pursuant to this section.

(f) No candidate shall accept contributions from any federal political action committee unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The non-partisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the non-partisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the non-partisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the non-partisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.

(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned [in the following manner:] as provided in this section.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

(a) Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census.

(b) Districts shall be established in a manner so as to comply with all requirements of the United States

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Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be established in a manner which maximizes partisan fairness and competitiveness treating similarly-situated parties equitably so that each receives the same fraction of legislative seats for a particular vote percentage as the other party would receive if it had received the same percentage of the vote. The non-partisan state demographer shall draw districts that meet as closely as possible the tests for partisan fairness and competitiveness.

To that end, the non-partisan state demographer shall calculate a district party partisan performance index for each district by determining the number of votes cast for the two top vote- getting parties in each district and then calculating the percentage of those votes won by each of the two parties casting the highest vote for governor at the last three preceding gubernatorial elections, for United States Senate at the last three preceding United States Senate elections, and for President of the United States at the last three preceding Presidential elections. The party partisan performance index for each district will then be averaged to create a statewide electoral performance index. Using the resultant statewide electoral performance index, the non-partisan state demographer shall test the plan, simulating an evenly split statewide election by normalizing district party partisan performance indices by the amount by which the statewide electoral performance index varies from fifty percent. In a hypothetical evenly divided statewide election under the proposed plan, the legislative seats should be distributed evenly between parties.

The non-partisan state demographer shall promote competitiveness by ensuring the plan is drawn so as to be equally responsive to surges in the electorate favoring either party. To test this, the non-partisan state demographer shall again use the normalized district-level results within the proposed plan to simulate separate elections in which the hypothetical statewide vote varies from fifty percent by one percent, two percent, three percent, four percent and five percent in favor of each party. The number of additional seats yielded by the simulation for any party for any amount it performs over fifty percent should be matched by the number of seats gained by the other party when it performs the same amount over fifty percent.

(c) Subject to the requirements of subdivisions (1)(a) and (1)(b), districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

(d) To the extent consistent with subdivisions (1)(a) - (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

(e) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) - (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States [and] or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days [after notification by the governor] that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

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[The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission the commission shall receive the tentative plan of apportionment and map of the proposed districts ordered in subsection 4 of this section and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 5.

(a) The Senate shall consist of thirty-four members elected by the qualified voters of the senatorial [respective] districts for a term of four years. [For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.] Senatorial districts shall be apportioned as provided for in Article III, Section 7.

Section 7.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, [and] or within sixty days after [notification by the governor that] a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by subsection (d) of this section, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless

18-013

approved by at least seven members.

After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 19.

(a) Senators and representatives shall, in all cases except treason, felony, offenses under this Article, or breach of the peace, be privileged from arrest during the session of the general assembly, and for the fifteen days next before the commencement and after the termination of each session; and they shall not be questioned for any speech or debate in either house in any other place.

(b) Legislative records shall be public records and subject to generally applicable state laws governing public access to public records, including the "Sunshine Law." Legislative records include, but are not limited to, all records, in whatever form or format, of the official acts of the general assembly, of the official acts of legislative committees, of the official acts of members of the general assembly, of individual legislators, their employees and staff, of the conduct of legislative business and all records that are created, stored or distributed through legislative branch facilities, equipment or mechanisms, including electronic. Each member of the general assembly is the custodian of legislative records under the custody and control of the member, their employees and staff. The chief clerk of the house or the secretary of the senate are the custodians for all other legislative records relating to the house and the senate, respectively.

(c) Legislative proceedings, including committee proceedings, shall be public meetings subject to generally applicable law governing public access to public meetings, including the "Sunshine Law." Open public meetings of legislative proceedings shall be subject to recording by citizens, so long as the proceedings are not materially disrupted.

Section 20(c).

No political fundraising activities or political fundraising event by any member of or candidate for the general assembly, including but not limited to the solicitation or delivery of contributions, supporting or opposing any candidate, initiative petition, referendum petition, ballot measure, political party or political committee, shall occur in or on any premises, property or building owned, leased or controlled by the State of Missouri or any agency or division thereof. Any purposeful violation of this section shall be punishable by imprisonment for up to one year or a fine of up to one thousand dollars or both, plus an amount equal to three times the illegal contributions. The Missouri Ethics Commission or its successor agency is authorized to enforce this section as provided by law.

Section 20(d).

If any provision of sections 2, 3, 5, 7, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-013)

Subject

Initiative petition from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III. (Received November 14, 2016)

Date

December 5, 2016

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Ethics Commission,** and the **State Auditor's office.**

Sean Soendker Nicholson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there is no impact to their department for this petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to that institution.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this initiative petition revises Article III of the Missouri Constitution by amending Sections 2, 5, 7, and 19 and enacting three new sections.

Legislators and their employees are prohibited from lobbying for at least two years after the conclusion of the session during which they vacate office, and from acting as paid consultants while in office. Legislators and their staff are prohibited from accepting a gift in excess of five dollars, per occurrence.

The initiative creates the post of "non-partisan State Demographer" to oversee the redistricting process for the state House and Senate districts. The demographer is to be selected by a process involving the State Auditor and the Senate majority and minority leaders. Note that the wording is unclear on this process because the only State Auditor list mentioned in the list of three names. Therefore, if each the minority and the majority member are allowed to remove one-third of the list, they may each remove one person, leaving only one choice left, so no random lottery would be necessary. This demographer will be unable to hold elected office for four years following the filing of the new legislative districts. The redistricting process shall maximize partisan fairness and competitiveness.

It mandates that legislative records which are created, stored or distributed through legislative branch facilities, equipment or mechanisms shall be public. It allows explicitly identifies legislative proceedings as open meetings and authorizes recording of such proceedings by citizens.

Political fundraising activities and events may not be held in any location owned by, or under the control of, the State of Missouri.

Campaign contributions for state senators are limited to $2,500 and representatives are limited to $2,000, with CPI adjustments made in even-numbered years. Also, contributions from federal political action committees are prohibited unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

This proposal could have an impact on their office. There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. If the existing State Demographer would be chosen to assume the role of "Non-partisan State Demographer", there would be no fiscal impact. However, if that post is filled by another individual, the salary and benefits costs would be an estimated $128,513 in FY 2021, adjusted for inflation. In either scenario, the cost for other staff hired for the purposes of redistricting would remain the same.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on that institution.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated no apparent impact on their city.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition should not have a fiscal impact on their local government.

Officials from the **Metropolitan Community College** indicated there is no anticipated impact for their college.

Officials from the **University of Missouri** indicated the proposed initiative petition will not have a fiscal impact on their university.

Officials from the **Missouri Ethics Commission** (MEC) indicated:

The total estimated net effect on all state funds will be $67,478 for the first year implemented, $61,107 for the second year implemented, and $61,734 for the third year implemented.

Prohibiting a statewide elected official, member of the general assembly or paid employee of general assembly from acting, serving, or registering as a lobbyist for a specified period of time after leaving office would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight to ensure those individuals leaving the general assembly do not register as a lobbyist with the MEC for the specified period of time. This would entail reviewing lobbyist registrations, at the time of receipt by the MEC, and comparing them to those members of the general assembly who have left office within the specified period of time. For any individual submitting a registration, create the necessary correspondence to the registrant and track the results of the correspondence.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Implementing prohibition for a member of general assembly, staff/employees of the general assembly to accept specified monetary lobbyist/lobbyist principal gifts would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific gift prohibition, including reviewing lobbyist reports as established in Section 105.959, RSMo. This oversight, it is assumed, would be primarily from receiving written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission would require additional staff resources.

Implementing campaign finance limits would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about these limits; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

Oversee the prohibition of political fundraising activities or events from occurring on State of Missouri property or any agency or division thereof would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about this provision; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific restrictions, including reviewing, auditing, and performing cross checks of the reported fund raising activity, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

In regards to all of the provisions outlined above, if the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The implementation of contribution limits requires the Missouri Ethics Commission to request additional funding. Below is an outline of the additional funding. In the 2016 November General Election a Constitutional Amendment implementing contribution limits was adopted by voters. At this time, the Missouri Ethics Commission has not received the additional funding required to implement contribution limits.

The proposed provisions would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

- $15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

•1 Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800 committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.
•If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

Officials from the **State Auditor's office** (SAO) indicated any additional costs can be absorbed within current appropriations.

Sean Soendker Nicholson provided the following information as a proponent of this initiative petition.

I am a proponent of the above listed initiative petitions. Pursuant to 116.175 RSMo, I submit the following information regarding the initiative petitions.

There is no cost to the state over the next two years as a result of passage of any of the initiatives. Any potential costs arising from the adoption of these proposals is minimal and can be absorbed with existing resources from the General Assembly, Missouri Ethics Commission, Attorney General's Office, Office of Administration, and other state agencies.

There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. The existing State Demographer can be expected to assume the role of Non-partisan State Demographer, and there would be no fiscal impact. Certainly there can be no definitive judgment that the measure would add costs for the state.

The proposals do not establish a new program or agency so there is no duplication of existing programs. There is no federal mandate with regard to the proposals. There will be no fiscal impact on any subdivision of the state. There will be no economic impact on small businesses.

The Missouri Ethics Commission is already required to provide guidance and information to members of the General Assembly and Missouri public about campaign finance rules and lobbying rules, and is already required to respond to written complaints through conducting investigations and the related legal actions.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate annual operating costs may increase by $189,000. Local governmental entities report no fiscal impact.

18-012

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
NOV 14 2016
STATE AUDITORS OFFICE

November 14, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III, version 5 (2018-012)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sean Soendker Nicholson on November 10, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

18-012

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

Address of Notary (Street, City, State & Zip Code)

My commission expires _____.

18-012

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication, the following Articles and Sections of the Constitution of Missouri: Article I, Section 8 and the following Sections of the Missouri Revised Statutes: Sections 105.450 through 105.496 and Sections 130.011 through 130.160. The proposed amendment revises Article III of the Constitution by amending Sections 2, 5, 7, and 19 and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d).

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article III of the Constitution is revised by amending Sections 2, 5, 7, 19, and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d) to read as follows:

Section 2.

After the effective date of this section, no person serving as a member of or employed by the General Assembly shall act or serve as a paid lobbyist, register as a paid lobbyist, or solicit prospective employers or clients to represent as a paid lobbyist during the time of such service until the expiration of two calendar years after the conclusion of the session of the general assembly in which the member or employee last served and where such service was after the effective date of this section.

(a) No person serving as a member of or employed by the General Assembly shall accept directly or indirectly a gift of any tangible or intangible item, service, or thing of value from any paid lobbyist or lobbyist principal in excess of five dollars per occurrence. This Article shall not prevent Candidates for the General Assembly, including candidates for reelection, or candidates for offices within the senate or house from accepting campaign contributions consistent with this Article and applicable campaign finance law. Nothing in this section shall prevent individuals from receiving gifts, family support or anything of value from those related to them within the fourth degree by blood or marriage. The dollar limitations of this section shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency and rounded to the nearest dollar amount.

(c) The General Assembly shall make no law authorizing unlimited campaign contributions to candidates for the General Assembly, nor any law that circumvents the contribution limits contained in this Constitution. In addition to other campaign contribution limitations or restrictions provided for by law, the amount of contributions made to or accepted by any candidate or candidate committee from any person other than the candidate in any one election for the General Assembly shall not exceed the following:

(1) To elect an individual to the office of state senator, two thousand five hundred dollars; and

(2) To elect an individual to the office of state representative, two thousand dollars.

The contribution limits and other restrictions of this section shall also apply to any person exploring a candidacy for a public office listed in this subsection.

For purposes of this subsection, "base year amount" shall be the contribution limits prescribed in this section. Contribution limits set forth herein shall be adjusted on the first day of January in each even-numbered year hereafter by multiplying the base year amount by the cumulative consumer price index and rounded to the nearest dollar amount, for all years after 2018.

(d) No contribution to a candidate for legislative office shall be made or accepted, directly or indirectly, in a fictitious name, in the name of another person, or by or through another person in such a manner as to, or with the intent to, conceal the identity of the actual source of the contribution. There shall be a rebuttable presumption that a contribution to a candidate for public office is made or accepted with the intent to circumvent the limitations on contributions imposed in this section when a contribution is received from a committee or organization that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations. A committee or organization shall be deemed to be primarily funded by a single person, individual, or other committee when the committee or organization receives more than fifty percent of its annual funding from that single person, individual, or other committee.

(e) In no circumstance shall a candidate be found to have violated limits on acceptance of contributions if the Missouri Ethics Commission, its successor agency, or a court determines that a candidate has taken no action to indicate acceptance of or acquiescence to the making of an expenditure that is deemed a contribution pursuant to this section.

(f) No candidate shall accept contributions from any federal political action committee unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The non-partisan state demographer shall be appointed by the Governor through a merit based process. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.

(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned [in the following manner:] as provided in this section.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

(a) Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census.

(b) Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be established in a manner which maximizes partisan fairness and competitiveness treating similarly-situated parties equitably so that each receives the same fraction of legislative seats for a particular vote percentage as the other party

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would receive if it had received the same percentage of the vote. The non-partisan state demographer shall draw districts that meet as closely as possible the tests for partisan fairness and competitiveness.

To that end, the non-partisan state demographer shall calculate a district party partisan performance index for each district by determining the number of votes cast for the two top vote- getting parties in each district and then calculating the percentage of those votes won by each of the two parties casting the highest vote for governor at the last three preceding gubernatorial elections, for United States Senate at the last three preceding United States Senate elections, and for President of the United States at the last three preceding Presidential elections. The party partisan performance index for each district will then be averaged to create a statewide electoral performance index. Using the resultant statewide electoral performance index, the non-partisan state demographer shall test the plan, simulating an evenly split statewide election by normalizing district party partisan performance indices by the amount by which the statewide electoral performance index varies from fifty percent. In a hypothetical evenly divided statewide election under the proposed plan, the legislative seats should be distributed evenly between parties.

The non-partisan state demographer shall promote competitiveness by ensuring the plan is drawn so as to be equally responsive to surges in the electorate favoring either party. To test this, the non-partisan state demographer shall again use the normalized district-level results within the proposed plan to simulate separate elections in which the hypothetical statewide vote varies from fifty percent by one percent, two percent, three percent, four percent and five percent in favor of each party. The number of additional seats yielded by the simulation for any party for any amount it performs over fifty percent should be matched by the number of seats gained by the other party when it performs the same amount over fifty percent.

(c) Subject to the requirements of subdivisions (1)(a) and (1)(b), districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

(d) To the extent consistent with subdivisions (1)(a) – (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

(e) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) – (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States [and] or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days [after notification by the governor] that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary[and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission the commission shall receive the tentative plan of apportionment and map of the proposed districts ordered in subsection 4 of this section and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

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Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 5.

(a) The Senate shall consist of thirty-four members elected by the qualified voters of the senatorial [respective] districts for a term of four years. [For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.] Senatorial districts shall be apportioned as provided for in Article III, Section 7.

Section 7.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, [and] or within sixty days after [notification by the governor that] a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by subsection (d) of this section, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven members.

After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.]

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Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 19.

(a) Senators and representatives shall, in all cases except treason, felony, offenses under this Article, or breach of the peace, be privileged from arrest during the session of the general assembly, and for the fifteen days next before the commencement and after the termination of each session; and they shall not be questioned for any speech or debate in either house in any other place.

(b) Legislative records shall be public records and subject to generally applicable state laws governing public access to public records, including the "Sunshine Law." Legislative records include, but are not limited to, all records, in whatever form or format, of the official acts of the general assembly, of the official acts of legislative committees, of the official acts of members of the general assembly, of individual legislators, their employees and staff, of the conduct of legislative business and all records that are created, stored or distributed through legislative branch facilities, equipment or mechanisms, including electronic. Each member of the general assembly is the custodian of legislative records under the custody and control of the member, their employees and staff. The chief clerk of the house or the secretary of the senate are the custodians for all other legislative records relating to the house and the senate, respectively.

(c) Legislative proceedings, including committee proceedings, shall be public meetings subject to generally applicable law governing public access to public meetings, including the "Sunshine Law." Open public meetings of legislative proceedings shall be subject to recording by citizens, so long as the proceedings are not materially disrupted.

Section 20(c).

No political fundraising activities or political fundraising event by any member of or candidate for the general assembly, including but not limited to the solicitation or delivery of contributions, supporting or opposing any candidate, initiative petition, referendum petition, ballot measure, political party or political committee, shall occur in or on any premises, property or building owned, leased or controlled by the State of Missouri or any agency or division thereof. Any purposeful violation of this section shall be punishable by imprisonment for up to one year or a fine of up to one thousand dollars or both, plus an amount equal to three times the illegal contributions. The Missouri Ethics Commission or its successor agency is authorized to enforce this section as provided by law.

Section 20(d).

If any provision of sections 2, 3, 5, 7, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-012)

Subject

Initiative petition from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III. (Received November 14, 2016)

Date

December 5, 2016

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Ethics Commission,** and the **State Auditor's office.**

Sean Soendker Nicholson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there is no impact to their department for this petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated the Governor is responsible for appointing a non-partisan State Demographer; however, there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to that institution.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this initiative petition revises Article III of the Missouri Constitution by amending Sections 2, 5, 7, and 19 and enacting three new sections.

Legislators and their employees are prohibited from lobbying for at least two years after the conclusion of the session during which they vacate office, and from acting as paid consultants while in office. Legislators and their staff are prohibited from accepting a gift in excess of five dollars, per occurrence.

The initiative creates the post of "non-partisan State Demographer" to oversee the redistricting process for the state House and Senate districts. The demographer is to be selected by the Governor through a merit-based process. This demographer will be unable to hold elected office for four years following the filing of the new legislative districts. The redistricting process shall maximize partisan fairness and competitiveness.

It mandates that legislative records which are created, stored or distributed through legislative branch facilities, equipment or mechanisms shall be public. It allows explicitly identifies legislative proceedings as open meetings and authorizes recording of such proceedings by citizens.

Political fundraising activities and events may not be held in any location owned by, or under the control of, the State of Missouri.

Campaign contributions for state senators are limited to $2,500 and representatives are limited to $2,000, with CPI adjustments made in even-numbered years. Also, contributions from federal political action committees are prohibited unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

This proposal could have an impact on their office. There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. If the existing State Demographer would be chosen to assume the role of "Non-partisan State Demographer", there would be no fiscal impact. However, if that post is filled by another individual, the salary and benefits costs would be an estimated $128,513 in FY 2021, adjusted for inflation. In either scenario, the cost for other staff hired for the purposes of redistricting would remain the same.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on that institution.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated no apparent impact on their city.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition should not have a fiscal impact on their local government.

Officials from the **Metropolitan Community College** indicated there is no anticipated impact for their college.

Officials from the **University of Missouri** indicated the proposed initiative petition will not have a fiscal impact on their university.

Officials from the **Missouri Ethics Commission** (MEC) indicated:

The total estimated net effect on all state funds will be $67,478 for the first year implemented, $61,107 for the second year implemented, and $61,734 for the third year implemented.

Prohibiting a statewide elected official, member of the general assembly or paid employee of general assembly from acting, serving, or registering as a lobbyist for a specified period of time after leaving office would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight to ensure those individuals leaving the general assembly do not register as a lobbyist with the MEC for the specified period of time. This would entail reviewing lobbyist registrations, at the time of receipt by the MEC, and comparing them to those members of the general assembly who have left office within the specified period of time. For any individual submitting a registration, create the necessary correspondence to the registrant and track the results of the correspondence.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Implementing prohibition for a member of general assembly, staff/employees of the general assembly to accept specified monetary lobbyist/lobbyist principal gifts would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific gift prohibition, including reviewing lobbyist reports as established in Section 105.959, RSMo. This oversight, it is assumed, would be primarily from receiving written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission would require additional staff resources.

Implementing campaign finance limits would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about these limits; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

Oversee the prohibition of political fundraising activities or events from occurring on State of Missouri property or any agency or division thereof would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about this provision; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific restrictions, including reviewing, auditing, and performing cross checks of the reported fund raising activity, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

In regards to all of the provisions outlined above, if the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The implementation of contribution limits requires the Missouri Ethics Commission to request additional funding. Below is an outline of the additional funding. In the 2016 November General Election a Constitutional Amendment implementing contribution limits was adopted by voters. At this time, the Missouri Ethics Commission has not received the additional funding required to implement contribution limits.

The proposed provisions would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

- $15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

•1 Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800 committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.
•If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

Officials from the **State Auditor's office** (SAO) indicated there is no fiscal impact for their office.

Sean Soendker Nicholson provided the following information as a proponent of this initiative petition.

I am a proponent of the above listed initiative petitions. Pursuant to 116.175 RSMo, I submit the following information regarding the initiative petitions.

There is no cost to the state over the next two years as a result of passage of any of the initiatives. Any potential costs arising from the adoption of these proposals is minimal and can be absorbed with existing resources from the General Assembly, Missouri Ethics Commission, Attorney General's Office, Office of Administration, and other state agencies.

There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. The existing State Demographer can be expected to assume the role of Non-partisan State Demographer, and there would be no fiscal impact. Certainly there can be no definitive judgment that the measure would add costs for the state.

The proposals do not establish a new program or agency so there is no duplication of existing programs. There is no federal mandate with regard to the proposals. There will be no fiscal impact on any subdivision of the state. There will be no economic impact on small businesses.

The Missouri Ethics Commission is already required to provide guidance and information to members of the General Assembly and Missouri public about campaign finance rules and lobbying rules, and is already required to respond to written complaints through conducting investigations and the related legal actions.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate annual operating costs may increase by $189,000. Local governmental entities report no fiscal impact.

18-011

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
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ELECTIONS DIVISION
(573) 751-2301

RECEIVED
NOV 14 2016
STATE AUDITORS OFFICE

November 14, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III, version 4 (2018-011)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sean Soendker Nicholson on November 10, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

18-011

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

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NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication, the following Articles and Sections of the Constitution of Missouri: Article I, Section 8 and the following Sections of the Missouri Revised Statutes: Sections 105.450 through 105.496 and Sections 130.011 through 130.160. The proposed amendment revises Article III of the Constitution by amending Sections 2, 5, 7, and 19 and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d).

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article III of the Constitution is revised by amending Sections 2, 5, 7, 19, and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d) to read as follows:

Section 2.

After the effective date of this section, no person serving as a member of or employed by the General Assembly shall act or serve as a paid lobbyist, register as a paid lobbyist, or solicit prospective employers or clients to represent as a paid lobbyist during the time of such service until the expiration of one calendar year after the conclusion of the session of the general assembly in which the member or employee last served and where such service was after the effective date of this section.

(a) No person serving as a member of or employed by the General Assembly shall accept directly or indirectly a gift of any tangible or intangible item, service, or thing of value from any paid lobbyist or lobbyist principal in excess of five dollars per occurrence. This Article shall not prevent Candidates for the General Assembly, including candidates for reelection, or candidates for offices within the senate or house from accepting campaign contributions consistent with this Article and applicable campaign finance law. Nothing in this section shall prevent individuals from receiving gifts, family support or anything of value from those related to them within the fourth degree by blood or marriage. The dollar limitations of this section shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency and rounded to the nearest dollar amount.

(c) The General Assembly shall make no law authorizing unlimited campaign contributions to candidates for the General Assembly, nor any law that circumvents the contribution limits contained in this Constitution. In addition to other campaign contribution limitations or restrictions provided for by law, the amount of contributions made to or accepted by any candidate or candidate committee from any person other than the candidate in any one election for the General Assembly shall not exceed the following:

(1) To elect an individual to the office of state senator, two thousand five hundred dollars; and

(2) To elect an individual to the office of state representative, two thousand dollars.

The contribution limits and other restrictions of this section shall also apply to any person exploring a candidacy for a public office listed in this subsection.

For purposes of this subsection, "base year amount" shall be the contribution limits prescribed in this section. Contribution limits set forth herein shall be adjusted on the first day of January in each even-numbered year hereafter by multiplying the base year amount by the cumulative consumer price index and rounded to the nearest dollar amount, for all years after 2018.

(d) No contribution to a candidate for legislative office shall be made or accepted, directly or indirectly, in a fictitious name, in the name of another person, or by or through another person in such a manner as to, or with the intent to, conceal the identity of the actual source of the contribution. There shall be a rebuttable presumption that a contribution to a candidate for public office is made or accepted with the intent to circumvent the limitations on contributions imposed in this section when a contribution is received from a committee or organization that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations. A committee or organization shall be deemed to be primarily funded by a single person, individual, or other committee when the committee or organization receives more than fifty percent of its annual funding from that single person, individual, or other committee.

(e) In no circumstance shall a candidate be found to have violated limits on acceptance of contributions if the Missouri Ethics Commission, its successor agency, or a court determines that a candidate has taken no action to indicate acceptance of or acquiescence to the making of an expenditure that is deemed a contribution pursuant to this section.

(f) No candidate shall accept contributions from any federal political action committee unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The non-partisan state demographer shall be appointed by the Governor through a merit based process. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.

(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned [in the following manner:] as provided in this section.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

(a) Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census.

(b) Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily,

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competitiveness. Partisan fairness means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. Competitiveness means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the non-partisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the non-partisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. Wasted votes are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the non-partisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the non-partisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The non-partisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

(c) Subject to the requirements of subdivisions (1)(a) and (1)(b), Districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

(d) To the extent consistent with subdivisions (1)(a) – (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

(e) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) – (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States [and] or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days [after notification by the governor] that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary[and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

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Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission the commission shall receive the tentative plan of apportionment and map of the proposed districts ordered in subsection 4 of this section and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 5.

(a) The Senate shall consist of thirty-four members elected by the qualified voters of the senatorial [respective] districts for a term of four years. [For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.] Senatorial districts shall be apportioned as provided for in Article III, Section 7.

Section 7.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, [and] or within sixty days after [notification by the governor that] a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by subsection (d) of this section, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven members.

After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided.

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except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 19.

(a) Senators and representatives shall, in all cases except treason, felony, offenses under this Article, or breach of the peace, be privileged from arrest during the session of the general assembly, and for the fifteen days next before the commencement and after the termination of each session; and they shall not be questioned for any speech or debate in either house in any other place.

(b) Legislative records shall be public records and subject to generally applicable state laws governing public access to public records, including the "Sunshine Law." Legislative records include, but are not limited to, all records, in whatever form or format, of the official acts of the general assembly, of the official acts of legislative committees, of the official acts of members of the general assembly, of individual legislators, their employees and staff, of the conduct of legislative business and all records that are created, stored or distributed through legislative branch facilities, equipment or mechanisms, including electronic. Each member of the general assembly is the custodian of legislative records under the custody and control of the member, their employees and staff. The chief clerk of the house or the secretary of the senate are the custodians for all other legislative records relating to the house and the senate, respectively.

(c) Legislative proceedings, including committee proceedings, shall be public meetings subject to generally applicable law governing public access to public meetings, including the "Sunshine Law." Open public meetings of legislative proceedings shall be subject to recording by citizens, so long as the proceedings are not materially disrupted.

Section 20(c).

No political fundraising activities or political fundraising event by any member of or candidate for the general assembly, including but not limited to the solicitation or delivery of contributions, supporting or opposing any candidate, initiative petition, referendum petition, ballot measure, political party or political committee, shall occur in or on any premises, property or building owned, leased or controlled by the State of Missouri or any agency or division thereof. Any purposeful violation of this section shall be punishable by imprisonment for up to one year or a fine of up to one thousand dollars or both, plus an amount equal to three times the illegal contributions. The Missouri Ethics Commission or its successor agency is authorized to enforce this section as provided by law.

Section 20(d).

If any provision of sections 2, 3, 7, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-011)

Subject

Initiative petition from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III. (Received November 14, 2016)

Date

December 5, 2016

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Ethics Commission,** and the **State Auditor's office.**

Sean Soendker Nicholson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there is no impact to their department for this petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated the Governor is responsible for appointing a non-partisan State Demographer; however, there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to that institution.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this initiative petition revises Article III of the Missouri Constitution by amending Sections 2, 5, 7, and 19 and enacting three new sections.

Legislators and their employees are prohibited from lobbying for at least one year after the conclusion of the session during which they vacate office, and from acting as paid consultants while in office. Legislators and their staff are prohibited from accepting a gift in excess of five dollars, per occurrence.

The initiative creates the post of "non-partisan State Demographer" to oversee the redistricting process for the state House and Senate districts. The demographer is to be selected by the Governor through a merit-based process. This demographer will be unable to hold elected office for four years following the filing of the new legislative districts. The redistricting process shall maximize partisan fairness and competitiveness.

It mandates that legislative records which are created, stored or distributed through legislative branch facilities, equipment or mechanisms shall be public. It allows explicitly identifies legislative proceedings as open meetings and authorizes recording of such proceedings by citizens.

Political fundraising activities and events may not be held in any location owned by, or under the control of, the State of Missouri.

Campaign contributions for state senators are limited to $2,500 and representatives are limited to $2,000, with CPI adjustments made in even-numbered years. Also, contributions from federal political action committees are prohibited unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

This proposal could have an impact on their office. There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. If the existing State Demographer would be chosen to assume the role of "Non-partisan State Demographer", there would be no fiscal impact. However, if that post is filled by another individual, the salary and benefits costs would be an estimated $128,513 in FY 2021, adjusted for inflation. In either scenario, the cost for other staff hired for the purposes of redistricting would remain the same.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on that institution.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated no apparent impact on their city.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition should not have a fiscal impact on their local government.

Officials from the **Metropolitan Community College** indicated there is no anticipated impact for their college.

Officials from the **University of Missouri** indicated the proposed initiative petition will not have a fiscal impact on their university.

Officials from the **Missouri Ethics Commission** (MEC) indicated:

The total estimated net effect on all state funds will be $67,478 for the first year implemented, $61,107 for the second year implemented, and $61,734 for the third year implement.

Prohibiting a statewide elected official, member of the general assembly or paid employee of general assembly from acting, serving, or registering as a lobbyist for a specified period of time after leaving office would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight to ensure those individuals leaving the general assembly do not register as a lobbyist with the MEC for the specified period of time. This would entail reviewing lobbyist registrations, at the time of receipt by the MEC, and comparing them to those members of the general assembly who have left office within the specified period of time. For any individual submitting a registration, create the necessary correspondence to the registrant and track the results of the correspondence.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Implementing prohibition for a member of general assembly, staff/employees of the general assembly to accept specified monetary lobbyist/lobbyist principal gifts would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific gift prohibition, including reviewing lobbyist reports as established in Section 105.959, RSMo. This oversight, it is assumed, would be primarily from receiving written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission would require additional staff resources.

Implementing campaign finance limits would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about these limits; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

Oversee the prohibition of political fundraising activities or events from occurring on State of Missouri property or any agency or division thereof would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about this provision; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific restrictions, including reviewing, auditing, and performing cross checks of the reported fund raising activity, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

In regards to all of the provisions outlined above, if the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The implementation of contribution limits requires the Missouri Ethics Commission to request additional funding. Below is an outline of the additional funding. In the 2016 November General Election a Constitutional Amendment implementing contribution limits was adopted by voters. At this time, the Missouri Ethics Commission has not received the additional funding required to implement contribution limits.

The proposed provisions would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

- $15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

•1 Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800 committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.

•If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

Officials from the **State Auditor's office** (SAO) indicated there is no fiscal impact for their office.

Sean Soendker Nicholson provided the following information as a proponent of this initiative petition.

I am a proponent of the above listed initiative petitions. Pursuant to 116.175 RSMo, I submit the following information regarding the initiative petitions.

There is no cost to the state over the next two years as a result of passage of any of the initiatives. Any potential costs arising from the adoption of these proposals is minimal and can be absorbed with existing resources from the General Assembly, Missouri Ethics Commission, Attorney General's Office, Office of Administration, and other state agencies.

There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. The existing State Demographer can be expected to assume the role of Non-partisan State Demographer, and there would be no fiscal impact. Certainly there can be no definitive judgment that the measure would add costs for the state.

The proposals do not establish a new program or agency so there is no duplication of existing programs. There is no federal mandate with regard to the proposals. There will be no fiscal impact on any subdivision of the state. There will be no economic impact on small businesses.

The Missouri Ethics Commission is already required to provide guidance and information to members of the General Assembly and Missouri public about campaign finance rules and lobbying rules, and is already required to respond to written complaints through conducting investigations and the related legal actions.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,**

the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate annual operating costs may increase by $189,000. Local governmental entities report no fiscal impact.

18-010

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 14, 2016

RECEIVED
NOV 14 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III, version 3 (2018-010)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sean Soendker Nicholson on November 10, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

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INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED
NOV 10 2016
MO SECRETARY OF STATE

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

Address of Notary (Street, City, State & Zip Code)

My commission expires _____.

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication, the following Articles and Sections of the Constitution of Missouri: Article I, Section 8 and the following Sections of the Missouri Revised Statutes: Sections 105.450 through 105.496 and Sections 130.011 through 130.160. The proposed amendment revises Article III of the Constitution by amending Sections 2, 5, 7, and 19 and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d).

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Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article III of the Constitution is revised by amending Sections 2, 5, 7, 19, and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d) to read as follows:

Section 2.

After the effective date of this section, no person serving as a member of or employed by the General Assembly shall act or serve as a paid lobbyist, register as a paid lobbyist, or solicit prospective employers or clients to represent as a paid lobbyist during the time of such service until the expiration of one calendar year after the conclusion of the session of the general assembly in which the member or employee last served and where such service was after the effective date of this section.

(a) No person serving as a member of or employed by the General Assembly shall accept directly or indirectly a gift of any tangible or intangible item, service, or thing of value from any paid lobbyist or lobbyist principal in excess of five dollars per occurrence. This Article shall not prevent Candidates for the General Assembly, including candidates for reelection, or candidates for offices within the senate or house from accepting campaign contributions consistent with this Article and applicable campaign finance law. Nothing in this section shall prevent individuals from receiving gifts, family support or anything of value from those related to them within the fourth degree by blood or marriage. The dollar limitations of this section shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency and rounded to the nearest dollar amount.

(c) The General Assembly shall make no law authorizing unlimited campaign contributions to candidates for the General Assembly, nor any law that circumvents the contribution limits contained in this Constitution. In addition to other campaign contribution limitations or restrictions provided for by law, the amount of contributions made to or accepted by any candidate or candidate committee from any person other than the candidate in any one election for the General Assembly shall not exceed the following:

(1) To elect an individual to the office of state senator, two thousand five hundred dollars; and

(2) To elect an individual to the office of state representative, two thousand dollars.

The contribution limits and other restrictions of this section shall also apply to any person exploring a candidacy for a public office listed in this subsection.

For purposes of this subsection, "base year amount" shall be the contribution limits prescribed in this section. Contribution limits set forth herein shall be adjusted on the first day of January in each even-numbered year hereafter by multiplying the base year amount by the cumulative consumer price index and rounded to the nearest dollar amount, for all years after 2018.

(d) No contribution to a candidate for legislative office shall be made or accepted, directly or indirectly, in a fictitious name, in the name of another person, or by or through another person in such a manner as to, or with the intent to, conceal the identity of the actual source of the contribution. There shall be a rebuttable presumption that a contribution to a candidate for public office is made or accepted with the intent to circumvent the limitations on contributions imposed in this section when a contribution is received from a committee or organization that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations. A committee or organization shall be deemed to be primarily funded by a single person, individual, or other committee when the committee or organization receives more than fifty percent of its annual funding from that single person, individual, or other committee.

(e) In no circumstance shall a candidate be found to have violated limits on acceptance of contributions if the Missouri Ethics Commission, its successor agency, or a court determines that a candidate has taken no action to indicate acceptance of or acquiescence to the making of an expenditure that is deemed a contribution pursuant to this section.

(f) No candidate shall accept contributions from any federal political action committee unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The non-partisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the non-partisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the non-partisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the non-partisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.

(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned [in the following manner:] as provided in this section.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

(a) Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total

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population of the state reported in the federal decennial census.

(b) Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be designed in a manner that achieves both partisan fairness and, secondarily, competitiveness. Partisan fairness means that parties shall be able to translate their popular support into legislative representation with approximately equal efficiency. Competitiveness means that parties' legislative representation shall be substantially and similarly responsive to shifts in the electorate's preferences.

To this end, the non-partisan state demographer shall calculate the average electoral performance of the two parties receiving the most votes in the three preceding elections for governor, for United States Senate, and for President of the United States. This index shall be defined as the total votes received by each party in the three preceding elections for governor, for United States Senate, and for President of the United States, divided by the total votes cast for both parties in these elections. Using this index, the non-partisan state demographer shall calculate the total number of wasted votes for each party, summing across all of the districts in the plan. Wasted votes are votes cast for a losing candidate or for a winning candidate in excess of the fifty percent threshold needed for victory. In any plan of apportionment and map of the proposed districts submitted to the respective apportionment commission, the non-partisan state demographer shall ensure the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

To promote competitiveness, the non-partisan state demographer shall use the electoral performance index to simulate elections in which the hypothetical statewide vote shifts by one percent, two percent, three percent, four percent, and five percent in favor of each party. The vote in each individual district shall be assumed to shift by the same amount as the statewide vote. The non-partisan state demographer shall ensure that, in each of these simulated elections, the difference between the two parties' total wasted votes, divided by the total votes cast for the two parties, is as close to zero as practicable.

(c) Subject to the requirements of subdivisions (1)(a) and (1)(b), Districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

(d) To the extent consistent with subdivisions (1)(a) – (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

(e) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) – (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States [and] or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days [after notification by the governor] that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary[and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-

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partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission the commission shall receive the tentative plan of apportionment and map of the proposed districts ordered in subsection 4 of this section and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 5.

(a) The Senate shall consist of thirty-four members elected by the qualified voters of the senatorial [respective] districts for a term of four years. [For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.] Senatorial districts shall be apportioned as provided for in Article III, Section 7.

Section 7.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, [and] or within sixty days after [notification by the governor that] a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by subsection (d) of this section, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure: no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

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Not later than five months after the appointment of the commission the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven members.

After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 19.

(a) Senators and representatives shall, in all cases except treason, felony, offenses under this Article, or breach of the peace, be privileged from arrest during the session of the general assembly, and for the fifteen days next before the commencement and after the termination of each session; and they shall not be questioned for any speech or debate in either house in any other place.

(b) Legislative records shall be public records and subject to generally applicable state laws governing public access to public records, including the "Sunshine Law." Legislative records include, but are not limited to, all records, in whatever form or format, of the official acts of the general assembly, of the official acts of legislative committees, of the official acts of members of the general assembly, of individual legislators, their employees and staff, of the conduct of legislative business and all records that are created, stored or distributed through legislative branch facilities, equipment or mechanisms, including electronic. Each member of the general assembly is the custodian of legislative records under the custody and control of the member, their employees and staff. The chief clerk of the house or the secretary of the senate are the custodians for all other legislative records relating to the house and the senate, respectively.

(c) Legislative proceedings, including committee proceedings, shall be public meetings subject to generally applicable law governing public access to public meetings, including the "Sunshine Law." Open public meetings of legislative proceedings shall be subject to recording by citizens, so long as the proceedings are not materially disrupted.

Section 20(c).

No political fundraising activities or political fundraising event by any member of or candidate for the general assembly, including but not limited to the solicitation or delivery of contributions, supporting or opposing any candidate, initiative petition, referendum petition, ballot measure, political party or political committee, shall occur in or on any premises, property or building owned, leased or controlled by the State of Missouri or any agency or division thereof. Any purposeful violation of this section shall be punishable by imprisonment for up to one year or a fine of up to one thousand dollars or both, plus an amount equal to three times the illegal contributions. The Missouri Ethics Commission or its successor agency is authorized to enforce this section as provided by law.

Section 20(d).

If any provision of sections 2, 3, 7, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-010)

Subject

Initiative petition from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III. (Received November 14, 2016)

Date

December 5, 2016

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Ethics Commission,** and the **State Auditor's office.**

Sean Soendker Nicholson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there is no impact to their department for this petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to that institution.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this initiative petition revises Article III of the Missouri Constitution by amending Sections 2, 5, 7, and 19 and enacting three new sections.

Legislators and their employees are prohibited from lobbying for at least one year after the conclusion of the session during which they vacate office, and from acting as paid consultants while in office. Legislators and their staff are prohibited from accepting a gift in excess of five dollars, per occurrence.

The initiative creates the post of "non-partisan State Demographer" to oversee the redistricting process for the state House and Senate districts. The demographer is to be selected by a process involving the State Auditor and the Senate majority and minority leaders. Note that the wording is unclear on this process because the only State Auditor list mentioned in the list of three names. Therefore, if each the minority and the majority member are allowed to remove one-third of the list, they may each remove one person, leaving only one choice left, so no random lottery would be necessary. This demographer will be unable to hold elected office for four years following the filing of the new legislative districts. The redistricting process shall maximize partisan fairness and competitiveness.

It mandates that legislative records which are created, stored or distributed through legislative branch facilities, equipment or mechanisms shall be public. It allows explicitly identifies legislative proceedings as open meetings and authorizes recording of such proceedings by citizens.

Political fundraising activities and events may not be held in any location owned by, or under the control of, the State of Missouri.

Campaign contributions for state senators are limited to $2,500 and representatives are limited to $2,000, with CPI adjustments made in even-numbered years. Also, contributions from federal political action committees are prohibited unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

This proposal could have an impact on their office. There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. If the existing State Demographer would be chosen to assume the role of "Non-partisan State Demographer", there would be no fiscal impact. However, if that post is filled by another individual, the salary and benefits costs would be an estimated $128,513 in FY 2021, adjusted for inflation. In either scenario, the cost for other staff hired for the purposes of redistricting would remain the same.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on that institution.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated no apparent impact on their city.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition should not have a fiscal impact on their local government.

Officials from the **Metropolitan Community College** indicated there is no anticipated impact for their college.

Officials from the **University of Missouri** indicated the proposed initiative petition will not have a fiscal impact on their university.

Officials from the **Missouri Ethics Commission** (MEC) indicated:

The total estimated net effect on all state funds will be $67,478 for the first year implemented, $61,107 for the second year implemented, and $61,734 for the third year implemented.

Prohibiting a statewide elected official, member of the general assembly or paid employee of general assembly from acting, serving, or registering as a lobbyist for a specified period of time after leaving office would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight to ensure those individuals leaving the general assembly do not register as a lobbyist with the MEC for the specified period of time. This would entail reviewing lobbyist registrations, at the time of receipt by the MEC, and comparing them to those members of the general assembly who have left office within the specified period of time. For any individual submitting a registration, create the necessary correspondence to the registrant and track the results of the correspondence.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Implementing prohibition for a member of general assembly, staff/employees of the general assembly to accept specified monetary lobbyist/lobbyist principal gifts would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific gift prohibition, including reviewing lobbyist reports as established in Section 105.959, RSMo. This oversight, it is assumed, would be primarily from receiving written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission would require additional staff resources.

Implementing campaign finance limits would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about these limits; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

Oversee the prohibition of political fundraising activities or events from occurring on State of Missouri property or any agency or division thereof would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about this provision; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific restrictions, including reviewing, auditing, and performing cross checks of the reported fund raising activity, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

In regards to all of the provisions outlined above, if the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The implementation of contribution limits requires the Missouri Ethics Commission to request additional funding. Below is an outline of the additional funding. In the 2016 November General Election a Constitutional Amendment implementing contribution limits was adopted by voters. At this time, the Missouri Ethics Commission has not received the additional funding required to implement contribution limits.

The proposed provisions would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

- $15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

•1 Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800 committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.
•If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

Officials from the **State Auditor's office** (SAO) indicated any additional costs can be absorbed within current appropriations.

Sean Soendker Nicholson provided the following information as a proponent of this initiative petition.

I am a proponent of the above listed initiative petitions. Pursuant to 116.175 RSMo, I submit the following information regarding the initiative petitions.

There is no cost to the state over the next two years as a result of passage of any of the initiatives. Any potential costs arising from the adoption of these proposals is minimal and can be absorbed with existing resources from the General Assembly, Missouri Ethics Commission, Attorney General's Office, Office of Administration, and other state agencies.

There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. The existing State Demographer can be expected to assume the role of Non-partisan State Demographer, and there would be no fiscal impact. Certainly there can be no definitive judgment that the measure would add costs for the state.

The proposals do not establish a new program or agency so there is no duplication of existing programs. There is no federal mandate with regard to the proposals. There will be no fiscal impact on any subdivision of the state. There will be no economic impact on small businesses.

The Missouri Ethics Commission is already required to provide guidance and information to members of the General Assembly and Missouri public about campaign finance rules and lobbying rules, and is already required to respond to written complaints through conducting investigations and the related legal actions.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate annual operating costs may increase by $189,000. Local governmental entities report no fiscal impact.

18-009

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

November 14, 2016

RECEIVED
NOV 14 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III, version 2 (2018-009)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sean Soendker Nicholson on November 10, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

18-009

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

Address of Notary (Street, City, State & Zip Code)

My commission expires _____.

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication, the following Articles and Sections of the Constitution of Missouri: Article I, Section 8 and the following Sections of the Missouri Revised Statutes: Sections 105.450 through 105.496 and Sections 130.011 through 130.160. The proposed amendment revises Article III of the Constitution by amending Sections 2, 5, 7, and 19 and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d).

18-009

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article III of the Constitution is revised by amending Sections 2, 5, 7, 19, and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d) to read as follows:

Section 2.

After the effective date of this section, no person serving as a member of or employed by the General Assembly shall act or serve as a paid lobbyist, register as a paid lobbyist, or solicit prospective employers or clients to represent as a paid lobbyist during the time of such service until the expiration of one calendar year after the conclusion of the session of the general assembly in which the member or employee last served and where such service was after the effective date of this section.

(a) No person serving as a member of or employed by the General Assembly shall accept directly or indirectly a gift of any tangible or intangible item, service, or thing of value from any paid lobbyist or lobbyist principal in excess of five dollars per occurrence. This Article shall not prevent Candidates for the General Assembly, including candidates for reelection, or candidates for offices within the senate or house from accepting campaign contributions consistent with this Article and applicable campaign finance law. Nothing in this section shall prevent individuals from receiving gifts, family support or anything of value from those related to them within the fourth degree by blood or marriage. The dollar limitations of this section shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency and rounded to the nearest dollar amount.

(c) The General Assembly shall make no law authorizing unlimited campaign contributions to candidates for the General Assembly, nor any law that circumvents the contribution limits contained in this Constitution. In addition to other campaign contribution limitations or restrictions provided for by law, the amount of contributions made to or accepted by any candidate or candidate committee from any person other than the candidate in any one election for the General Assembly shall not exceed the following:

(1) To elect an individual to the office of state senator, two thousand five hundred dollars; and

(2) To elect an individual to the office of state representative, two thousand dollars.

The contribution limits and other restrictions of this section shall also apply to any person exploring a candidacy for a public office listed in this subsection.

For purposes of this subsection, "base year amount" shall be the contribution limits prescribed in this section. Contribution limits set forth herein shall be adjusted on the first day of January in each even-numbered year hereafter by multiplying the base year amount by the cumulative consumer price index and rounded to the nearest dollar amount, for all years after 2018.

(d) No contribution to a candidate for legislative office shall be made or accepted, directly or indirectly, in a fictitious name, in the name of another person, or by or through another person in such a manner as to, or with the intent to, conceal the identity of the actual source of the contribution. There shall be a rebuttable presumption that a contribution to a candidate for public office is made or accepted with the intent to circumvent the limitations on contributions imposed in this section when a contribution is received from a committee or organization that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations. A committee or organization shall be deemed to be primarily funded by a single person, individual, or other committee when the committee or organization receives more than fifty percent of its annual funding from that single person, individual, or other committee.

(e) In no circumstance shall a candidate be found to have violated limits on acceptance of contributions if the Missouri Ethics Commission, its successor agency, or a court determines that a candidate has taken no action to indicate acceptance of or acquiescence to the making of an expenditure that is deemed a contribution pursuant to this section.

(f) No candidate shall accept contributions from any federal political action committee unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The non-partisan state demographer shall be selected through the following process. First, state residents may apply for selection to the state auditor using an application developed by the state auditor to determine an applicant's qualifications and expertise relevant to the position. Second, the state auditor shall deliver to the majority leader and minority leader of the senate a list of at least three applicants with sufficient expertise and qualifications, as determined by the state auditor, to perform the duties of the non-partisan state demographer. Third, if the majority leader and minority leader of the senate together agree that a specific applicant should be selected to be the non-partisan state demographer, that applicant shall be selected and the selection process shall cease. Fourth, if the majority leader and minority leader of the senate cannot together agree on an applicant, they may each remove a number of applicants on the state auditor's list equal to one-third of the total number of applicants on that list, rounded down to the next integer, and the state auditor shall then conduct a random lottery of the applicants remaining after removal to select the non-partisan state demographer. The state auditor shall prescribe a time frame and deadlines for this application and selection process that both encourages numerous qualified applicants and avoids delay in selection. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.

(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned [in the following manner:] as provided in this section.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

(a) Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census.

(b) Districts shall be established in a manner so as to comply with all requirements of the United States

Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

18-009

Districts shall be established in a manner which maximizes partisan fairness and competitiveness treating similarly-situated parties equitably so that each receives the same fraction of legislative seats for a particular vote percentage as the other party would receive if it had received the same percentage of the vote. The non-partisan state demographer shall draw districts that meet as closely as possible the tests for partisan fairness and competitiveness.

To that end, the non-partisan state demographer shall calculate a district party partisan performance index for each district by determining the number of votes cast for the two top vote- getting parties in each district and then calculating the percentage of those votes won by each of the two parties casting the highest vote for governor at the last three preceding gubernatorial elections, for United States Senate at the last three preceding United States Senate elections, and for President of the United States at the last three preceding Presidential elections. The party partisan performance index for each district will then be averaged to create a statewide electoral performance index. Using the resultant statewide electoral performance index, the non-partisan state demographer shall test the plan, simulating an evenly split statewide election by normalizing district party partisan performance indices by the amount by which the statewide electoral performance index varies from fifty percent. In a hypothetical evenly divided statewide election under the proposed plan, the legislative seats should be distributed evenly between parties.

The non-partisan state demographer shall promote competitiveness by ensuring the plan is drawn so as to be equally responsive to surges in the electorate favoring either party. To test this, the non-partisan state demographer shall again use the normalized district-level results within the proposed plan to simulate separate elections in which the hypothetical statewide vote varies from fifty percent by one percent, two percent, three percent, four percent and five percent in favor of each party. The number of additional seats yielded by the simulation for any party for any amount it performs over fifty percent should be matched by the number of seats gained by the other party when it performs the same amount over fifty percent.

(c) Subject to the requirements of subdivisions (1)(a) and (1)(b), districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

(d) To the extent consistent with subdivisions (1)(a) – (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

(e) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) – (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States [and] or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days [after notification by the governor] that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

18-009

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission the commission shall receive the tentative plan of apportionment and map of the proposed districts ordered in subsection 4 of this section and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 5.

(a) The Senate shall consist of thirty-four members elected by the qualified voters of the senatorial [respective] districts for a term of four years. [For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.] Senatorial districts shall be apportioned as provided for in Article III, Section 7.

Section 7.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, [and] or within sixty days after [notification by the governor that] a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by subsection (d) of this section, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless

approved by at least seven members.

After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

18-009

Section 19.

(a) Senators and representatives shall, in all cases except treason, felony, offenses under this Article, or breach of the peace, be privileged from arrest during the session of the general assembly, and for the fifteen days next before the commencement and after the termination of each session; and they shall not be questioned for any speech or debate in either house in any other place.

(b) Legislative records shall be public records and subject to generally applicable state laws governing public access to public records, including the "Sunshine Law." Legislative records include, but are not limited to, all records, in whatever form or format, of the official acts of the general assembly, of the official acts of legislative committees, of the official acts of members of the general assembly, of individual legislators, their employees and staff, of the conduct of legislative business and all records that are created, stored or distributed through legislative branch facilities, equipment or mechanisms, including electronic. Each member of the general assembly is the custodian of legislative records under the custody and control of the member, their employees and staff. The chief clerk of the house or the secretary of the senate are the custodians for all other legislative records relating to the house and the senate, respectively.

(c) Legislative proceedings, including committee proceedings, shall be public meetings subject to generally applicable law governing public access to public meetings, including the "Sunshine Law." Open public meetings of legislative proceedings shall be subject to recording by citizens, so long as the proceedings are not materially disrupted.

Section 20(c).

No political fundraising activities or political fundraising event by any member of or candidate for the general assembly, including but not limited to the solicitation or delivery of contributions, supporting or opposing any candidate, initiative petition, referendum petition, ballot measure, political party or political committee, shall occur in or on any premises, property or building owned, leased or controlled by the State of Missouri or any agency or division thereof. Any purposeful violation of this section shall be punishable by imprisonment for up to one year or a fine of up to one thousand dollars or both, plus an amount equal to three times the illegal contributions. The Missouri Ethics Commission or its successor agency is authorized to enforce this section as provided by law.

Section 20(d).

If any provision of sections 2, 3, 5, 7, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-009)

Subject

Initiative petition from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III. (Received November 14, 2016)

Date

December 5, 2016

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Ethics Commission,** and the **State Auditor's office.**

Sean Soendker Nicholson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there is no impact to their department for this petition.

Officials from the **Department of Higher Education** indicated this would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to that institution.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this initiative petition revises Article III of the Missouri Constitution by amending Sections 2, 5, 7, and 19 and enacting three new sections.

Legislators and their employees are prohibited from lobbying for at least one year after the conclusion of the session during which they vacate office, and from acting as paid consultants while in office. Legislators and their staff are prohibited from accepting a gift in excess of five dollars, per occurrence.

The initiative creates the post of "non-partisan State Demographer" to oversee the redistricting process for the state House and Senate districts. The demographer is to be selected by a process involving the State Auditor and the Senate majority and minority leaders. Note that the wording is unclear on this process because the only State Auditor list mentioned in the list of three names. Therefore, if each the minority and the majority member are allowed to remove one-third of the list, they may each remove one person, leaving only one choice left, so no random lottery would be necessary. This demographer will be unable to hold elected office for four years following the filing of the new legislative districts. The redistricting process shall maximize partisan fairness and competitiveness.

It mandates that legislative records which are created, stored or distributed through legislative branch facilities, equipment or mechanisms shall be public. It allows explicitly identifies legislative proceedings as open meetings and authorizes recording of such proceedings by citizens.

Political fundraising activities and events may not be held in any location owned by, or under the control of, the State of Missouri.

Campaign contributions for state senators are limited to $2,500 and representatives are limited to $2,000, with CPI adjustments made in even-numbered years. Also, contributions from federal political action committees are prohibited unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Officials indicated this proposal could have an impact on their office as follows. There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. If the existing State Demographer would be chosen to assume the role of "Non-partisan State Demographer", there would be no fiscal impact. However, if that post is filled by another individual, the salary and benefits costs would be an estimated $128,513 in FY 2021, adjusted for inflation. In either scenario, the cost for other staff hired for the purposes of redistricting would remain the same.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on that institution.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated no apparent impact on their city.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition should not have a fiscal impact on their local government.

Officials from the **Metropolitan Community College** indicated there is no anticipated impact for their college.

Officials from the **University of Missouri** indicated the proposed initiative petition will not have a fiscal impact on their university.

Officials from the **Missouri Ethics Commission** (MEC) indicated:

The total estimated net effect on all state funds will be $67,478 for the first year implemented, $61,107 for the second year implemented, and $61,734 for the third year implemented.

Prohibiting a statewide elected official, member of the general assembly or paid employee of general assembly from acting, serving, or registering as a lobbyist for a specified period of time after leaving office would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight to ensure those individuals leaving the general assembly do not register as a lobbyist with the MEC for the specified period of time. This would entail reviewing lobbyist registrations, at the time of receipt by the MEC, and comparing them to those members of the general assembly who have left office within the specified period of time. For any individual submitting a registration, create the necessary correspondence to the registrant and track the results of the correspondence.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Implementing prohibition for a member of general assembly, staff/employees of the general assembly to accept specified monetary lobbyist/lobbyist principal gifts would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific gift prohibition, including reviewing lobbyist reports as established in Section 105.959, RSMo. This oversight, it is assumed, would be primarily from receiving written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission would require additional staff resources.

Implementing campaign finance limits would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about these limits; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

Oversee the prohibition of political fundraising activities or events from occurring on State of Missouri property or any agency or division thereof would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about this provision; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific restrictions, including reviewing, auditing, and performing cross checks of the reported fund raising activity, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

In regards to all of the provisions outlined above, if the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The implementation of contribution limits requires the Missouri Ethics Commission to request additional funding. Below is an outline of the additional funding. In the 2016 November General Election a Constitutional Amendment implementing contribution limits was adopted by voters. At this time, the Missouri Ethics Commission has not received the additional funding required to implement contribution limits.

The proposed provisions would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

- $15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

•1 Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800 committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.

•If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

Officials from the **State Auditor's office** (SAO) indicated any additional costs can be absorbed within current appropriations.

Sean Soendker Nicholson provided the following information as a proponent of this initiative petition.

I am a proponent of the above listed initiative petitions. Pursuant to 116.175 RSMo, I submit the following information regarding the initiative petitions.

There is no cost to the state over the next two years as a result of passage of any of the initiatives. Any potential costs arising from the adoption of these proposals is minimal and can be absorbed with existing resources from the General Assembly, Missouri Ethics Commission, Attorney General's Office, Office of Administration, and other state agencies.

There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. The existing State Demographer can be expected to assume the role of Non-partisan State Demographer, and there would be no fiscal impact. Certainly there can be no definitive judgment that the measure would add costs for the state.

The proposals do not establish a new program or agency so there is no duplication of existing programs. There is no federal mandate with regard to the proposals. There will be no fiscal impact on any subdivision of the state. There will be no economic impact on small businesses.

The Missouri Ethics Commission is already required to provide guidance and information to members of the General Assembly and Missouri public about campaign finance rules and lobbying rules, and is already required to respond to written complaints through conducting investigations and the related legal actions.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,**

the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate annual operating costs may increase by $189,000. Local governmental entities report no fiscal impact.

18-008

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 14, 2016

RECEIVED
NOV 14 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III, version 1 (2018-008)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sean Soendker Nicholson on November 10, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County _____

Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

18-008

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or city of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

RECEIVED

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____, being first duly sworn, say (print or type names of signers)

NAME (Signature)	DATE SIGNED	REGISTERED VOTING ADDRESS (Number) (Street), (City, Town, or Village)	ZIP CODE	CONGR. DIST.	NAME (Printed or Typed)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition.

If paid, list the payer:

_____ _____

(Name of payer) Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____day of _____, A.D. 201____.

Notary Public (Seal)

_____

Signature of Notary

_____

My commission expires _____. Address of Notary (Street, City, State & Zip Code)

NOTICE: You are advised that the proposed constitutional amendment may change, repeal, or modify by implication or may be construed by some persons to change, repeal or modify by implication, the following Articles and Sections of the Constitution of Missouri: Article I, Section 8 and the following Sections of the Missouri Revised Statutes: Sections 105.450 through 105.496 and Sections 130.011 through 130.160. The proposed amendment revises Article III of the Constitution by amending Sections 2, 5, 7, and 19 and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d).

18-008

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Section A. Article III of the Constitution is revised by amending Sections 2, 5, 7, 19, and adopting three new sections to be known as Article III Sections 3, 20(c), and 20(d) to read as follows:

Section 2.

After the effective date of this section, no person serving as a member of or employed by the General Assembly shall act or serve as a paid lobbyist, register as a paid lobbyist, or solicit prospective employers or clients to represent as a paid lobbyist during the time of such service until the expiration of one calendar year after the conclusion of the session of the general assembly in which the member or employee last served and where such service was after the effective date of this section.

(a) No person serving as a member of or employed by the General Assembly shall accept directly or indirectly a gift of any tangible or intangible item, service, or thing of value from any paid lobbyist or lobbyist principal in excess of five dollars per occurrence. This Article shall not prevent Candidates for the General Assembly, including candidates for reelection, or candidates for offices within the senate or house from accepting campaign contributions consistent with this Article and applicable campaign finance law. Nothing in this section shall prevent individuals from receiving gifts, family support or anything of value from those related to them within the fourth degree by blood or marriage. The dollar limitations of this section shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency and rounded to the nearest dollar amount.

(c) The General Assembly shall make no law authorizing unlimited campaign contributions to candidates for the General Assembly, nor any law that circumvents the contribution limits contained in this Constitution. In addition to other campaign contribution limitations or restrictions provided for by law, the amount of contributions made to or accepted by any candidate or candidate committee from any person other than the candidate in any one election for the General Assembly shall not exceed the following:

(1) To elect an individual to the office of state senator, two thousand five hundred dollars; and

(2) To elect an individual to the office of state representative, two thousand dollars.

The contribution limits and other restrictions of this section shall also apply to any person exploring a candidacy for a public office listed in this subsection.

For purposes of this subsection, "base year amount" shall be the contribution limits prescribed in this section. Contribution limits set forth herein shall be adjusted on the first day of January in each even-numbered year hereafter by multiplying the base year amount by the cumulative consumer price index and rounded to the nearest dollar amount, for all years after 2018.

(d) No contribution to a candidate for legislative office shall be made or accepted, directly or indirectly, in a fictitious name, in the name of another person, or by or through another person in such a manner as to, or with the intent to, conceal the identity of the actual source of the contribution. There shall be a rebuttable presumption that a contribution to a candidate for public office is made or accepted with the intent to circumvent the limitations on contributions imposed in this section when a contribution is received from a committee or organization that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations. A committee or organization shall be deemed to be primarily funded by a single person, individual, or other committee when the committee or organization receives more than fifty percent of its annual funding from that single person, individual, or other committee.

(e) In no circumstance shall a candidate be found to have violated limits on acceptance of contributions if the Missouri Ethics Commission, its successor agency, or a court determines that a candidate has taken no action to indicate acceptance of or acquiescence to the making of an expenditure that is deemed a contribution pursuant to this section.

(f) No candidate shall accept contributions from any federal political action committee unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Section 3.

(a) There is hereby established the post of "non-partisan state demographer." The non-partisan state demographer shall acquire appropriate information to develop procedures in preparation for drawing legislative redistricting maps on the basis of each federal census for presentation to the house apportionment commission and the senatorial apportionment commission.

(b) The non-partisan state demographer shall be appointed by the Governor through a merit based process. The non-partisan state demographer shall serve a term of five years and may be reappointed. To be eligible for the non-partisan state demographer position an individual shall not have served in a partisan, elected position for four years prior to the appointment. The non-partisan state demographer shall be disqualified from holding office as a member of the general assembly for four years following the date of the presentation of his or her most recent legislative redistricting map to the house apportionment commission or the senatorial apportionment commission.

(c) The house of representatives shall consist of one hundred sixty-three members elected at each general election and apportioned [in the following manner:] as provided in this section.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer shall begin the preparation of legislative districting plans and maps using the following methods, listed in order of priority:

(a) Districts shall be established on the basis of total population. Legislative districts shall each have a total population as nearly equal as practicable to the ideal population for such districts, determined by dividing the number of districts to be established into the total population of the state reported in the federal decennial census.

(b) Districts shall be established in a manner so as to comply with all requirements of the United States Constitution and applicable federal laws, including, but not limited to, the Voting Rights Act of 1965 (as amended). Notwithstanding any other provision of this Article, districts shall not be drawn with the intent or result of denying or abridging the equal opportunity of racial or language minorities to participate in the political process or diminishing their ability to elect representatives of their choice, whether by themselves or by voting in concert with other persons.

Districts shall be established in a manner which maximizes partisan fairness and competitiveness treating similarly-situated parties equitably so that each receives the same fraction of legislative seats for a particular vote percentage as the other party

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would receive if it had received the same percentage of the vote. The non-partisan state demographer shall draw districts that meet as closely as possible the tests for partisan fairness and competitiveness.

To that end, the non-partisan state demographer shall calculate a district party partisan performance index for each district by determining the number of votes cast for the two top vote- getting parties in each district and then calculating the percentage of those votes won by each of the two parties casting the highest vote for governor at the last three preceding gubernatorial elections, for United States Senate at the last three preceding United States Senate elections, and for President of the United States at the last three preceding Presidential elections. The party partisan performance index for each district will then be averaged to create a statewide electoral performance index. Using the resultant statewide electoral performance index, the non-partisan state demographer shall test the plan, simulating an evenly split statewide election by normalizing district party partisan performance indices by the amount by which the statewide electoral performance index varies from fifty percent. In a hypothetical evenly divided statewide election under the proposed plan, the legislative seats should be distributed evenly between parties.

The non-partisan state demographer shall promote competitiveness by ensuring the plan is drawn so as to be equally responsive to surges in the electorate favoring either party. To test this, the non-partisan state demographer shall again use the normalized district-level results within the proposed plan to simulate separate elections in which the hypothetical statewide vote varies from fifty percent by one percent, two percent, three percent, four percent and five percent in favor of each party. The number of additional seats yielded by the simulation for any party for any amount it performs over fifty percent should be matched by the number of seats gained by the other party when it performs the same amount over fifty percent.

(c) Subject to the requirements of subdivisions (1)(a) and (1)(b), districts shall be composed of contiguous territory. Areas which meet only at the points of adjoining corners are not contiguous.

(d) To the extent consistent with subdivisions (1)(a) – (1)(c) of this subsection, district boundaries shall coincide with the boundaries of political subdivisions of the state. The number of counties and cities divided among more than one district shall be as small as possible. When there is a choice between dividing local political subdivisions, the more populous subdivisions shall be divided before the less populous, but this preference shall not apply to a legislative district boundary drawn along a county line which passes through a city that lies in more than one county.

(e) Preference shall be that districts are compact in form, but the standards established by subdivisions (1)(a) – (1)(d) of this subsection take precedence over compactness where a conflict arises between compactness and these standards. In general, compact districts are those which are square, rectangular, or hexagonal in shape to the extent permitted by natural or political boundaries.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States [and] or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within sixty days [after notification by the governor] that such a ruling has been made, the congressional district committee of each of the two parties casting the highest vote for governor at the last preceding election shall meet and the members of the committee shall nominate, by a majority vote of the members of the committee present, provided that a majority of the elected members is present, two members of their party, residents in that district, as nominees for reapportionment commissioners. Neither party shall select more than one nominee from any one state legislative district. The congressional committees shall each submit to the governor their list of elected nominees. Within thirty days the governor shall appoint a commission consisting of one name from each list to reapportion the state into one hundred and sixty-three representative districts and to establish the numbers and boundaries of said districts.

If any of the congressional committees fails to submit a list within such time the governor shall appoint a member of his own choice from that district and from the political party of the committee failing to make the appointment.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

For the purposes of this Article, the term congressional district committee or congressional district refers to the congressional district committee or the congressional district from which a congressman was last elected, or, in the event members of congress from this state have been elected at large, the term congressional district committee refers to those persons who last served as the congressional district committee for those districts from which congressmen were last elected, and the term congressional district refers to those districts from which congressmen were last elected. Any action pursuant to this section by the congressional district committee shall take place only at duly called meetings, shall be recorded in their official minutes and only members present in person shall be permitted to vote.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall make public and file with the secretary of state and with the house apportionment commission a tentative plan of apportionment and map of the proposed districts, as well as all demographic and partisan data used in the creation of the plan and map.

The commissioners so selected shall, [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the clerk of the house of representatives within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable.

The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this section and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months of receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the representatives by dividing the population of the state by the number one hundred sixty-three and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure.

Each district shall be composed of contiguous territory as compact as may be.

Not later than five months after the appointment of the commission the commission shall receive the tentative plan of apportionment and map of the proposed districts ordered in subsection 4 of this section and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven-tenths of the members.

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After the statement is filed members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the house of representatives shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter members of the house of representatives shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

Section 5.

(a) The Senate shall consist of thirty-four members elected by the qualified voters of the senatorial [respective] districts for a term of four years. [For the election of senators, the state shall be divided into convenient districts of contiguous territory, as compact and nearly equal in population as may be.] Senatorial districts shall be apportioned as provided for in Article III, Section 7.

Section 7.

(1) Within ten days after the population of this state is reported to the President for each decennial census of the United States or, in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within ten days after such a ruling has been made, the non-partisan state demographer authorized in Article III Section 3, shall begin the preparation of senatorial districting plans and maps using the same methods and criteria as those required by Article III, Section 3 for the establishment of districts for the House of Representatives.

(2) Within sixty days after the population of this state is reported to the President for each decennial census of the United States, [and] or within sixty days after [notification by the governor that] a reapportionment has been invalidated by a court of competent jurisdiction, the state committee of each of the two political parties casting the highest vote for governor at the last preceding election shall, at a committee meeting duly called, select by a vote of the individual committee members, and thereafter submit to the governor a list of ten persons, and within thirty days thereafter the governor shall appoint a commission of ten members, five from each list, to reapportion the thirty-four senatorial districts and to establish the numbers and boundaries of said districts.

If either of the party committees fails to submit a list within such time the governor shall appoint five members of his own choice from the party of the committee so failing to act.

Members of the commission shall be disqualified from holding office as members of the general assembly for four years following the date of the filing by the commission of its final statement of apportionment.

(3) Within six months after the population of this state is reported to the President for each decennial census of the United States or in the event that a reapportionment has been invalidated by a court of competent jurisdiction, within six months after such a ruling has been made, the non-partisan state demographer shall file with the secretary of state and with the senatorial apportionment commission a tentative plan of apportionment and map of the proposed districts.

The commissioners so selected shall [on the fifteenth day, excluding Sundays and holidays, after all members have been selected] within ten days of receiving the tentative plan of apportionment and map of the proposed districts required by subsection (d) of this section, meet in the capitol building and proceed to organize by electing from their number a chairman, vice chairman and secretary [and]. The commission shall adopt an agenda establishing at least three hearing dates on which hearings open to the public shall be held to hear objections or testimony from interested persons. A copy of the agenda shall be filed with the secretary of the senate within twenty-four hours after its adoption. Executive meetings may be scheduled and held as often as the commission deems advisable. The commission may make changes to the tentative plan of apportionment and map of the proposed districts received from the non-partisan state demographer provided that such changes are consistent with this Section and the methods and criteria required by Section 3 of this Article for the establishment of districts for the House of Representatives and approved by a vote of at least seven-tenths of the commissioners. If no changes are made or approved as provided for in this subsection, the tentative plan of apportionment and map of proposed districts shall become final. Not later than two months after receiving the tentative plan of apportionment and map of the proposed districts, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts.

[The commission shall reapportion the senatorial districts by dividing the population of the state by the number thirty-four and shall establish each district so that the population of that district shall, as nearly as possible, equal that figure; no county lines shall be crossed except when necessary to add sufficient population to a multi-district county or city to complete only one district which lies partly within such multi-district county or city so as to be as nearly equal as practicable in population. Any county with a population in excess of the quotient obtained by dividing the population of the state by the number thirty-four is hereby declared to be a multi-district county.

Not later than five months after the appointment of the commission the commission shall file with the secretary of state a tentative plan of apportionment and map of the proposed districts and during the ensuing fifteen days shall hold such public hearings as may be necessary to hear objections or testimony of interested persons.

Not later than six months after the appointment of the commission, the commission shall file with the secretary of state a final statement of the numbers and the boundaries of the districts together with a map of the districts, and no statement shall be valid unless approved by at least seven members.

After the statement is filed senators shall be elected according to such districts until a reapportionment is made as herein provided, except that if the statement is not filed within six months of the time fixed for the appointment of the commission, it shall stand discharged and the senate shall be apportioned by a commission of six members appointed from among the judges of the appellate courts of the state of Missouri by the state supreme court, a majority of whom shall sign and file its apportionment plan and map with the secretary of state within ninety days of the date of the discharge of the apportionment commission. Thereafter senators shall be elected according to such districts until a reapportionment is made as herein provided.]

Each member of the commission shall receive as compensation fifteen dollars a day for each day the commission is in session, but not more than one thousand dollars, and, in addition, shall be reimbursed for his actual and necessary expenses incurred while serving as a member of the commission.

No reapportionment shall be subject to the referendum.

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Section 19.

(a) Senators and representatives shall, in all cases except treason, felony, offenses under this Article, or breach of the peace, be privileged from arrest during the session of the general assembly, and for the fifteen days next before the commencement and after the termination of each session; and they shall not be questioned for any speech or debate in either house in any other place.

(b) Legislative records shall be public records and subject to generally applicable state laws governing public access to public records, including the "Sunshine Law." Legislative records include, but are not limited to, all records, in whatever form or format, of the official acts of the general assembly, of the official acts of legislative committees, of the official acts of members of the general assembly, of individual legislators, their employees and staff, of the conduct of legislative business and all records that are created, stored or distributed through legislative branch facilities, equipment or mechanisms, including electronic. Each member of the general assembly is the custodian of legislative records under the custody and control of the member, their employees and staff. The chief clerk of the house or the secretary of the senate are the custodians for all other legislative records relating to the house and the senate, respectively.

(c) Legislative proceedings, including committee proceedings, shall be public meetings subject to generally applicable law governing public access to public meetings, including the "Sunshine Law." Open public meetings of legislative proceedings shall be subject to recording by citizens, so long as the proceedings are not materially disrupted.

Section 20(c).

No political fundraising activities or political fundraising event by any member of or candidate for the general assembly, including but not limited to the solicitation or delivery of contributions, supporting or opposing any candidate, initiative petition, referendum petition, ballot measure, political party or political committee, shall occur in or on any premises, property or building owned, leased or controlled by the State of Missouri or any agency or division thereof. Any purposeful violation of this section shall be punishable by imprisonment for up to one year or a fine of up to one thousand dollars or both, plus an amount equal to three times the illegal contributions. The Missouri Ethics Commission or its successor agency is authorized to enforce this section as provided by law.

Section 20(d).

If any provision of sections 2, 3, 5, 7, 19, or 20(c) or the application thereof to anyone or to any circumstance is held invalid, the remainder of those provisions and the application of such provisions to others or other circumstances shall not be affected thereby.

MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (18-008)

Subject

Initiative petition from Sean Soendker Nicholson regarding a proposed constitutional amendment to Article III. (Received November 14, 2016)

Date

December 5, 2016

Description

This proposal would amend Article III of the Missouri Constitution.

The amendment is to be voted on in November 2018.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office,** the **Department of Agriculture,** the **Department of Economic Development,** the **Department of Elementary and Secondary Education,** the **Department of Higher Education,** the **Department of Health and Senior Services,** the **Department of Insurance, Financial Institutions and Professional Registration,** the **Department of Mental Health,** the **Department of Natural Resources,** the **Department of Corrections,** the **Department of Labor and Industrial Relations,** the **Department of Revenue,** the **Department of Public Safety,** the **Department of Social Services,** the **Governor's office,** the **Missouri House of Representatives,** the **Department of Conservation,** the **Department of Transportation,** the **Office of Administration,** the **Office of State Courts Administrator,** the **Missouri Senate,** the **Secretary of State's office,** the **Office of the State Public Defender,** the **State Treasurer's office, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Greene County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Columbia,** the **City of Jefferson,** the **City of Joplin,** the **City of Kansas City,** the **City of Kirksville,** the **City of Mexico,** the **City of Raymore,** the **City of St. Joseph,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, St. Louis Community College,** the **Missouri Ethics Commission,** and the **State Auditor's office.**

Sean Soendker Nicholson provided information as a proponent of the proposal to the State Auditor's office.

Assumptions

Officials from the **Attorney General's office** indicated they assume that any potential costs arising from the adoption of this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated there is no impact to their department for this petition.

Officials from the **Department of Higher Education** indicated this initiative petition would not have a fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated no fiscal impact on their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition has no fiscal impact on their department.

Officials from the **Department of Public Safety** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated no fiscal impact on their department.

Officials from the **Governor's office** indicated the Governor is responsible for appointing a non-partisan State Demographer; however, there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to that institution.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated no fiscal impact.

Officials from the **Office of Administration** indicated this initiative petition revises Article III of the Missouri Constitution by amending Sections 2, 5, 7, and 19 and enacting three new sections.

Legislators and their employees are prohibited from lobbying for at least one year after the conclusion of the session during which they vacate office, and from acting as paid consultants while in office. Legislators and their staff are prohibited from accepting a gift in excess of five dollars, per occurrence.

The initiative creates the post of "non-partisan State Demographer" to oversee the redistricting process for the state House and Senate districts. The demographer is to be selected by the Governor through a merit-based system and shall serve a term of five years. This demographer will be unable to hold elected office for four years following the filing of the new legislative districts. The redistricting process shall maximize partisan fairness and competitiveness.

It mandates that legislative records which are created, stored or distributed through legislative branch facilities, equipment or mechanisms shall be public. It allows explicitly identifies legislative proceedings as open meetings and authorizes recording of such proceedings by citizens.

Political fundraising activities and events may not be held in any location owned by, or under the control of, the State of Missouri.

Campaign contributions for state senators are limited to $2,500 and representatives are limited to $2,000, with CPI adjustments made in even-numbered years. Also, contributions from federal political action committees are prohibited unless the committee has filed the same financial disclosure reports that would be required of a Missouri political action committee.

Officials indicated this proposal could have an impact on their office as follows. There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. If the existing State Demographer would be expected to assume the role of "Non-partisan State Demographer", there would be no fiscal impact. However, if that post is filled by another individual, the salary and benefits costs would be an estimated $128,513 in FY 2021, adjusted for inflation. In either scenario, the cost for other staff hired for the purposes of redistricting would remain the same.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated no fiscal impact on that institution.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Their office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with $1.3 million historically appropriated in odd numbered fiscal years and $100,000 appropriated in even numbered fiscal years to meet these requirements. Through FY (fiscal year) 2013, the appropriation had historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2015, the General Assembly changed the appropriation so that it was no longer an estimated appropriation. In FY 2017 their office was appropriated $2.6 million to publish the full text of the measures. In FY 2017, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost $2.4 million to publish (an average of $400,000 per issue). Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any impact on their office.

Officials from the **State Treasurer's office** indicated this would have no fiscal impact on their office.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Columbia** indicated no apparent impact on their city.

Officials from the **City of Kansas City** indicated no fiscal impact is anticipated if this proposal is adopted.

Officials from the **City of Raymore** indicated no fiscal impact.

Officials from the **City of St. Joseph** indicated this initiative petition should not have a fiscal impact on their local government.

Officials from the **Metropolitan Community College** indicated there is no anticipated impact for their college.

Officials from the **University of Missouri** indicated the proposed initiative petition will not have a fiscal impact on their university.

Officials from the **Missouri Ethics Commission** (MEC) indicated:

The total estimated net effect on all state funds will be $67,478 for the first year implemented, $61,107 for the second year implemented, and $61,734 for the third year implemented.

Prohibiting a statewide elected official, member of the general assembly or paid employee of general assembly from acting, serving, or registering as a lobbyist for a specified period of time after leaving office would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight to ensure those individuals leaving the general assembly do not register as a lobbyist with the MEC for the specified period of time. This would entail reviewing lobbyist registrations, at the time of receipt by the MEC, and comparing them to those members of the general assembly who have left office within the specified period of time. For any individual submitting a registration, create the necessary correspondence to the registrant and track the results of the correspondence.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. Any significant increase of complaints would require additional Commission resources, including investigative staff.

Implementing prohibition for a member of general assembly, staff/employees of the general assembly to accept specified monetary lobbyist/lobbyist principal gifts would require the following of the MEC:

- Provide information to public officials and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo., about the new statutory requirements; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in adherence to the specific gift prohibition, including reviewing lobbyist reports as established in Section 105.959, RSMo. This oversight, it is assumed, would be primarily from receiving written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions. It is assumed this prohibition would result in a minimal number of complaints; however, if this assumption is incorrect the Commission would require additional staff resources.

Implementing campaign finance limits would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about these limits; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific contribution limits, including reviewing, auditing, and performing cross checks of the reported contributions, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

Oversee the prohibition of political fundraising activities or events from occurring on State of Missouri property or any agency or division thereof would require the following of the MEC:

- Provide information to those committee officers and the public as specified in the Commission duties in Section 105.491, 105.955.14 (4), RSMo. about this provision; examples include providing education, developing informational materials, telephone and email assistance.
- Provide oversight in campaign finance committee adherence to the specific restrictions, including reviewing, auditing, and performing cross checks of the reported fund raising activity, as established in Section 105.955.14 (2), (3), RSMo.
- Respond to written complaints, as established in Section 105.955.14, RSMo., through conducting investigations and the related legal actions.

In regards to all of the provisions outlined above, if the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

The implementation of contribution limits requires the Missouri Ethics Commission to request additional funding. Below is an outline of the additional funding. In the 2016 November General Election a Constitutional Amendment implementing contribution limits was adopted by voters. At this time, the Missouri Ethics Commission has not received the additional funding required to implement contribution limits.

The proposed provisions would implement campaign finance limits. The implementation of the above responsibilities would require the following additional resources:

- $15,120 in expense and equipment to acquire contract services that would develop the MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits.

•1 Business Analyst to conduct the routine work necessary in reviewing and providing oversight for the proposed legislation. The Business Analyst would review committee reports for compliance, prepare necessary notices, track the receipt of payment, and coordinate the necessary collection efforts. Currently two Business Analysts assist 2,800 committees in filing campaign finance reports, prepare and disseminate 15,000 notices, and review 11,000 campaign finance reports.
•If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to provide the proper oversight.

Officials from the **State Auditor's office** (SAO) indicated there is no fiscal impact for their office.

Sean Soendker Nicholson provided the following information as a proponent of this initiative petition.

I am a proponent of the above listed initiative petitions. Pursuant to 116.175 RSMo, I submit the following information regarding the initiative petitions.

There is no cost to the state over the next two years as a result of passage of any of the initiatives. Any potential costs arising from the adoption of these proposals is minimal and can be absorbed with existing resources from the General Assembly, Missouri Ethics Commission, Attorney General's Office, Office of Administration, and other state agencies.

There is currently a State Demographer, with statutory duties that extend beyond those of legislative reapportionment. The existing State Demographer can be expected to assume the role of Non-partisan State Demographer, and there would be no fiscal impact. Certainly there can be no definitive judgment that the measure would add costs for the state.

The proposals do not establish a new program or agency so there is no duplication of existing programs. There is no federal mandate with regard to the proposals. There will be no fiscal impact on any subdivision of the state. There will be no economic impact on small businesses.

The Missouri Ethics Commission is already required to provide guidance and information to members of the General Assembly and Missouri public about campaign finance rules and lobbying rules, and is already required to respond to written complaints through conducting investigations and the related legal actions.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education, Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County,** the **City of Cape Girardeau,** the **City of Jefferson,** the **City of Joplin,** the **City of Kirksville,** the **City of Mexico,** the **City of St. Louis,** the **City of Springfield,** the **City of Union,** the **City of Wentzville,** the **City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, State Technical College of Missouri,** and **St. Louis Community College.**

Fiscal Note Summary

State governmental entities estimate annual operating costs may increase by $189,000. Local governmental entities report no fiscal impact.

18-007

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 10, 2016

RECEIVED
NOV 10 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, version 2 (2018-007)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on November 9, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

18-007

County ..... Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri: We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of .November, .2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

CIRCULATOR'S AFFIDAVIT

State Of Missouri, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

	Name (signatures)	Date signed	Address(city, town, or village)	Zip Code	Cong. Dist.	Name (print or Typed)
1						
2						
3						
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

Signature of Affiant (Person obtaining signatures) .....

(Printed Name of Affiant) ..... Address of Affiant Subscribed and sworn to before me this ..... day of ....., A.D. ....

Signature of Notary .....

Address of Notary .....Notary Public (Seal) .....

My commission expires .....

If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors. (L. 1980 S.B. 658, A.L. 1986 H.B. 1471, et al., A.L. 1997 S.B. 132, A.L. 1999 H.B. 676, A.L. 2013 H.B. 117) *Effective 11-04-14

18-007

This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)e,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

1. Be it resolved by the people of the state of Missouri that the Constitution be amended:Marijuana shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drugs schedules. The state legislature have until the end of the following legislature session of passage to rename marijuana to cannabis in all the statutes or the statutes is null or void

2. Definition of terms, as used in this Act:

a) 1. "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.

b) "hemp": he fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "home grow amounts" a total of 60 square feet or less of cultivation of cannabis or hemp or a combination of both for personal and/or medical use.

g) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

h) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.

a) Adult Possession of cannabis for personal at 21 years or older.

b) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

c) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.

d) Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.

4. Medical cannabis shall be available to patients who have a physician's recommendation.

(a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

(b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

(c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.

(d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

(e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.

1. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

5. Nothing in this section shall:

(a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

(b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

18-007

(c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.

1. Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for personal use.

6. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.

7. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.

(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

(b) Within 60 days of the passage of this Act, The Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.

8. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment

9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

11. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:

12. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

18-006

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 10, 2016

RECEIVED
NOV 10 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Sheila Dundon regarding a proposed constitutional amendment to Article XVI (2018-006)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Sheila Dundon on November 9, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

18-006

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition; I am a registered voter of the state of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

[Official Ballot title]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____

I, _____ being first duly sworn, say (print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS (Street, No PO Boxes)	(City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.						
2.						
3.						
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9.						
10.						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer

_____ _____ _____
(Name of payer)

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant

_____
Address of Affiant (Street, City, State & Zip Code)

Subscribed and sworn to before me this ____ day of _____, A.D. _____.

_____
Signature of Notary

_____
Address of Notary (Street, City, State & Zip Code)

Notary Public (Seal)

My commission expires _____

18-006

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article XVI is created by enacting one new section to be known as Section 1 of Article XVI, to read as follows:

Section 1. Right to Access Medical Marijuana

1. Purposes

This section is intended to permit state-licensed physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The section allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician.

This section is intended to make only those changes to Missouri laws that are necessary to protect patients, their primary caregivers, and their physicians from civil and criminal penalties, and to allow for the limited legal production, distribution, sale and purchase of marijuana for medical use. This section is not intended to change current civil and criminal laws governing the use of marijuana for nonmedical purposes. The section does not allow for the public use of marijuana and driving under the influence of marijuana.

2. Definitions

(1) "Administer" means the direct application of marijuana to a qualifying patient by way of any of the following methods:

(a) Ingestion of capsules, teas, oils, and other marijuana-infused products;

(b) Vaporization or smoking of dried flowers, buds, plant material, extracts, or oils;

(c) Application of ointments or balms;

(d) Transdermal patches and suppositories;

(e) Consuming marijuana-infused food products; or

(f) Any other method recommended by a qualifying patient's physician.

(2) "Department" means the Department of Health and Senior Services, or its successor agency.

(3) "Entity" means a natural person, corporation, professional corporation, nonprofit corporation, cooperative corporation, unincorporated association, business trust, limited liability company, general or limited partnership, limited liability partnership, joint venture, or any other legal entity.

(4) "Flowering plant" means a marijuana plant from the time it exhibits the first signs of sexual maturity through harvest.

(5) "Marijuana" means *Cannabis indica*, *Cannabis sativa*, and *Cannabis ruderalis*, hybrids of such species, and any other strains commonly understood within the scientific community to constitute marijuana, as well as resin extracted from the plant and marijuana-infused products. "Marijuana" does not include industrial hemp containing a crop-wide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp.

(6) "Marijuana-Infused Products" means products that are infused with marijuana or an extract thereof and are intended for use or consumption other than by smoking, including but not limited to edible products, ointments, and tinctures.

(7) "Medical Marijuana Cultivation Facility" means a facility licensed by the Department, to acquire, cultivate, process, transport, and sell marijuana to a Medical Marijuana Dispensary Facility or to a Medical Marijuana-Infused Products Manufacturing Facility.

18-006

(8) "Medical Marijuana Dispensary Facility" means a facility licensed by the Department, to acquire, sell, transport, and deliver marijuana, marijuana-infused products, and drug paraphernalia used to administer marijuana as provided for in this section.

(9) "Medical Marijuana-Infused Products Manufacturing Facility" means a facility licensed by the Department, to acquire, manufacture, transport, and sell marijuana-infused products to a Medical Marijuana Dispensary Facility.

(10) "Medical use" means the production, possession, delivery, distribution, transportation, or administration of marijuana or a marijuana-infused product, or drug paraphernalia used to administer marijuana or a marijuana-infused product, for the benefit of a qualifying patient to mitigate the symptoms or effects of the patient's qualifying medical condition.

(11) "Physician" means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law.

(12) "Physician certification" means a document, whether handwritten, electronic or in another commonly used format, signed by a physician and stating that in the physician's professional opinion, the patient suffers from a qualifying medical condition and is likely to receive therapeutic or palliative benefit from the medical use of marijuana to treat or alleviate the patient's qualifying medical condition or symptoms associated with the qualifying medical condition.

(13) "Primary caregiver" means an individual twenty-one years of age or older who has significant responsibility for managing the well-being of a qualifying patient and who is designated as such on the primary caregiver's application for an identification card under this section or in other written notification to the Department.

(14) "Qualifying medical condition" means the condition of, symptoms related to, or side-effects from the treatment of:

(a) Cancer;

(b) Epilepsy;

(c) Glaucoma;

(d) Intractable migraines unresponsive to other treatment;

(e) A chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including but not limited to those associated with multiple sclerosis, seizures, Parkinson's disease, and Tourette's syndrome;

(f) Debilitating psychiatric disorders, including but not limited to post-traumatic stress disorder, if diagnosed by a state licensed psychiatrist;

(g) Human immunodeficiency virus or acquired immune deficiency syndrome;

(h) A chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of marijuana could be effective in treating that condition and would serve as a safer alternative to the prescription medication;

(i) Any terminal illness; or

(j) In the professional judgment of a physician, any other chronic, debilitating or otherwise equivalent condition, including, but not limited to, hepatitis C, amyotrophic lateral sclerosis, inflammatory bowel disease, agitation of Alzheimer's disease, cachexia, and wasting syndrome.

(15) "Qualifying Patient" means a Missouri resident diagnosed with at least one qualifying medical condition.

18-006

3. **Creating Patient Access to Medical Marijuana**

(1) In carrying out the implementation of this section, the Department shall have the authority to:

(a) Grant or refuse state licenses for the cultivation, manufacture, distribution, and sale of marijuana for medical use as provided by law; suspend, fine, restrict, or revoke such licenses upon a violation of this section or a rule promulgated pursuant to this section; and impose any administrative penalty authorized by this section or any rule promulgated pursuant to this section.

(b) Promulgate rules and emergency rules necessary for the proper regulation and control of the cultivation, manufacture, distribution, and sale of marijuana for medical use and for the enforcement of this section.

(c) Develop such forms, licenses, identification cards, and applications as are necessary or convenient in the discretion of the Department for the administration of this section or any of the rules promulgated under this section;

(d) Require a seed-to-sale tracking system that tracks medical marijuana from either the seed or immature plant stage until the medical marijuana or medical marijuana-infused product is sold to a qualifying patient or primary caregiver at a Medical Marijuana Dispensary Facility to ensure that no medical marijuana grown by a Medical Marijuana Cultivation Facility or manufactured by a Medical Marijuana-Infused Products Manufacturing Facility is sold or otherwise transferred except by a Medical Marijuana Dispensary Facility. If it creates a seed-to-sale tracking system, the Department shall certify, if possible, at least two commercially available systems to licensees as compliant with its tracking standards and issue standards for the creation or use of other systems by licensees.

(e) Prepare and transmit annually a publicly available report accounting to the Governor for the efficient discharge of all responsibilities assigned to the Department under this section;

(2) The Department may issue any rules or emergency rules necessary for the implementation and enforcement of this section and to ensure the right to, availability, and safe use of marijuana for medical use by qualifying patients. In developing such rules or emergency rules, the Department may consult with other public agencies. In addition to any other rules or emergency rules necessary to carry out the mandates of this section, the Department may issue rules or emergency rules relating to the following subjects:

(a) Compliance with, enforcement of, or violation of any provision of this section or any rule issued pursuant to this section, including procedures and grounds for denying, suspending, fining, restricting, or revoking a state license issued pursuant to this section;

(b) Specifications of duties of officers and employees of the Department;

(c) Instructions or guidance for local authorities and law enforcement officers;

(d) Requirements for inspections, investigations, searches, seizures, and such additional enforcement activities as may become necessary from time to time;

(e) Creation of a range of administrative penalties for use by the Department;

(f) Prohibition of misrepresentation and unfair practices;

(g) Control of informational and product displays on licensed premises;

18-006

(h) Development of individual identification cards for owners, officers, managers, contractors, employees, and other support staff of entities licensed pursuant to this section, including a fingerprint-based federal and state criminal record check in accordance with U.S. Public Law 92-544, or its successor provisions, as may be required by the Department prior to issuing a card and procedures to ensure that cards for new applicants are issued within fourteen days;

(i) Security requirements for any premises licensed pursuant to this section, including, at a minimum, lighting, physical security, video, alarm requirements, and other minimum procedures for internal control as deemed necessary by the Department to properly administer and enforce the provisions of this section, including reporting requirements for changes, alterations, or modifications to the premises;

(j) Regulation of the storage of, warehouses for, and transportation of marijuana for medical use;

(k) Sanitary requirements for, including, but not limited to, the preparation of medical marijuana-infused products;

(l) The specification of acceptable forms of picture identification that a Medical Marijuana Dispensary Facility may accept when verifying a sale;

(m) Labeling and packaging standards;

(n) Records to be kept by licensees and the required availability of the records;

(o) State licensing procedures, including procedures for renewals, reinstatements, initial licenses, and the payment of licensing fees;

(p) The reporting and transmittal of tax payments;

(q) Authorization for the Department of Revenue to have access to licensing information to ensure tax payment and the effective administration of this section; and

(r) Such other matters as are necessary for the fair, impartial, stringent, and comprehensive administration of this section.

(3) The Department shall issue rules or emergency rules for a medical marijuana and medical marijuana-infused products independent testing and certification program for medical marijuana licensees and requiring licensees to test medical marijuana using an impartial, independent laboratory to ensure, at a minimum, that products sold for human consumption do not contain contaminants that are injurious to health and to ensure correct labeling.

(4) The Department shall maintain the confidentiality of reports or other information obtained from an applicant or licensee containing any individualized data, information, or records related to the licensee or its operation, including sales information, financial records, tax returns, credit reports, cultivation information, testing results, and security information and plans, or revealing any patient information, or any other records that are exempt from public inspection pursuant to state or federal law. Such reports or other information may be used only for a purpose authorized by this section. Any information released related to patients may be used only for a purpose authorized by federal law and this section, including verifying that a person who presented a patient identification card to a state or local law enforcement official is lawfully in possession of such card.

(5) Within ninety days of the effective date of this section, the Department shall make available to the public license application forms and application instructions for Medical Marijuana Cultivation Facilities, Medical Marijuana Dispensary Facilities, and Medical Marijuana-Infused Products Manufacturing Facilities.

18-006

(6) Within ninety days of the effective date of this section, the Department shall make available to the public application forms and application instructions for qualifying patient, qualifying patient cultivation, and primary caregiver identification cards. Within one hundred fifty days of the effective date of this section, the Department shall begin accepting applications for such identification cards.

(7) An entity may apply to the Department for and obtain a license to grow marijuana as a Medical Marijuana Cultivation Facility. Each facility in operation shall require a separate license. Each indoor facility utilizing artificial lighting may be limited by the Department to thirty thousand square feet of flowering plant canopy space. Each outdoor facility utilizing natural lighting may be limited by the Department to two thousand eight hundred flowering plants. Each greenhouse facility using a combination of natural and artificial lighting may be limited by the Department, at the election of the licensee, to two thousand eight hundred flowering plants or thirty thousand square feet of flowering plant canopy space. The license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal. Once granted, the Department shall charge each licensee an annual fee of twenty thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than three Medical Marijuana Cultivation Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(8) An entity may apply to the Department for and obtain a license to operate a Medical Marijuana Dispensary Facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal. Once granted, the Department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than six Medical Marijuana Dispensary Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(9) An entity may apply to the Department for and obtain one or more licenses to operate a Medical Marijuana-Infused Products Manufacturing Facility. Each facility in operation shall require a separate license. A license shall be valid for three years from its date of issuance and shall be renewable, except for good cause. The Department shall charge each applicant a non-refundable fee of three thousand dollars per license application or renewal. Once granted, the Department shall charge each licensee an annual fee of ten thousand dollars per facility license. Application and license fees shall be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. No more than five Medical Marijuana-Infused Products Manufacturing Facility licenses shall be issued to any entity under substantially common control, ownership, or management.

(10) Except for good cause, a qualifying patient or his or her primary caregiver may obtain an identification card from the Department to cultivate up to six flowering marijuana plants for the exclusive use of that qualifying patient. The card shall be valid for twelve months from its date of issuance and shall be renewable with the annual submittal of a new or updated physician's certification. The Department shall charge an annual fee for the card of one hundred dollars, with such rate to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency.

(11) The Department may set a limit on the amount of marijuana that may be purchased by or on behalf of a single qualifying patient in a thirty day period, provided that limit is not less than six ounces of dried, unprocessed marijuana, or its

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equivalent. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons why the qualifying patient needs a greater amount than the limit established by the Department.

(12) The Department may set a limit on the amount of marijuana that may be possessed by or on behalf of each qualifying patient, provided that limit is not less than a sixty day supply of dried, unprocessed marijuana, or its equivalent. A primary caregiver may possess a separate legal limit for each qualifying patient under their care and a separate legal limit for themselves if they are a qualifying patient. Qualifying patients cultivating marijuana for medical use may possess up to a ninety day supply, so long as the supply remains on property under their control. Any such limit shall not apply to a qualifying patient with written certification from two independent physicians that there are compelling reasons for additional amounts. Possession of between the legal limit and up to twice the legal limit shall subject the possessor to Department sanctions, including an administrative penalty and loss of their patient identification card for up to a year. Purposefully possessing amounts in excess of twice the legal limit shall be punishable by imprisonment of up to one year and a fine of up to two thousand dollars.

(13) The Department may restrict the aggregate number of licenses granted for Medical Marijuana Cultivation Facilities, provided, however, that the number may not be limited to fewer than one license per every eighty thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. In any year, if the number of qualifying applicants and any renewals exceed such a restriction, the Department shall, after renewing all qualifying licenses, rank new applicants using the following factors: site security; capacity or experience with agriculture, horticulture, health care, or a legal cannabis market; acceptance in the site community; potential for positive economic impact in the site community; and maintaining competitiveness in the marijuana for medical use marketplace. In ranking applicants and awarding licenses, the Department may consult or contract with other public agencies with relevant expertise regarding these factors. The Department shall lift or ease any limit on the number Medical Marijuana Cultivation Facilities to meet the demand for medical marijuana by qualifying patients.

(14) The Department may restrict the aggregate number of licenses granted for Marijuana-Infused Products Manufacturing Facilities, provided, however, that the number may not be limited to fewer than one license per every fifty thousand inhabitants, or any portion thereof, of the state of Missouri, according to the most recent census of the United States. In any year, if the number of qualifying applicants and any renewals exceed such a restriction, the Department shall, after renewing all qualifying licenses, rank new applicants using the following factors: site security; capacity or experience with food and beverage manufacturing or a legal cannabis market; acceptance in the site community; potential for positive economic impact in the site community; and maintaining competitiveness in the marijuana for medical use marketplace. In ranking applicants and awarding licenses, the Department may consult or contract with other public agencies with relevant expertise regarding these factors.

(15) If a county has restricted the number of licenses for Medical Marijuana Dispensary Facilities, then, in any year that the number of qualifying applicants and any renewals exceed such restriction, the Department shall, after renewing all qualifying licenses, rank new applicants using the following factors: site security; experience or capacity with health care or a legal cannabis market; acceptance in the site community; potential for positive economic impact in the site community; and maintaining competitiveness in the marijuana for medical use marketplace. In ranking applicants and awarding licenses, the Department may consult or contract with other public agencies with relevant expertise regarding these factors.

(16) The Department shall begin accepting license applications for Medical Marijuana Dispensary Facilities, Medical Marijuana Cultivation Facilities, and Medical Marijuana-Infused Products Manufacturing Facilities no later than one hundred fifty days after the effective date of this section. Applications for licenses under this section shall be approved or denied by the Department no later than one hundred fifty days after their submission. If the Department fails to carry out its non-

discretionary duty to approve or deny an application within one hundred fifty days of submission, an applicant may immediately seek a court order compelling the Department to approve or deny the application.

(17) Qualifying patients under this section shall obtain and annually renew an identification card or cards from the Department. The Department shall charge a fee of twenty-five dollars per year per card with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor or its successor agency. Upon receiving an application for a qualifying patient identification card or qualifying patient cultivation identification card, the Department shall, within thirty days, either issue the card or provide a written explanation for its denial. If the Department fails to issue a card to an eligible qualifying patient within thirty days, then their physician certification shall serve as their patient identification card or qualifying patient cultivation identification card for up to one year from the date of physician certification. All initial applications for or renewals of a qualifying patient identification card or qualifying patient cultivation identification card shall be accompanied by a physician certification that is less than thirty days old.

(18) Primary caregivers under this section shall obtain and annually renew an identification card from the Department. The Department shall charge a fee of twenty-five dollars per year, with such fee to be increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year of the Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency. Upon receiving an application for a primary caregiver identification card, the Department shall, within thirty days, either issue the card or provide a written explanation for its denial.

(19) All marijuana for medical use sold in Missouri shall be cultivated in a licensed Medical Marijuana Cultivation Facility located in Missouri.

(20) All marijuana-infused products for medical use sold in the state of Missouri shall be manufactured in a Medical Marijuana-Infused Products Manufacturing Facility.

(21) The denial of a license, license renewal, or identification card by the Department shall be appealable to the Administrative Hearing Commission, or its successor entity. Following the exhaustion of administrative review, denial of a license, license renewal, or identification card by the Department shall be subject to judicial review as provided by law.

(22) No elected official shall interfere directly or indirectly with the Department's obligations and activities under this section.

4. Taxation and Reporting

(1) A tax is levied upon the retail sale of marijuana for medical use sold at Medical Marijuana Dispensary Facilities within the state. The tax shall be at a rate of four percent of the retail price. The tax shall be collected by each licensed Medical Marijuana Dispensary Facility and paid to the Department of Revenue. After retaining no more than five percent for its actual collection costs, amounts generated by the tax levied in this section shall be deposited by the Department of Revenue into the Missouri Veterans' Health and Care Fund. Licensed entities making retail sales within the state shall be allowed approved credit for returns provided the tax was paid on the returned item and the purchaser was given the refund or credit.

(2) There is hereby created in the state treasury the "Missouri Veterans' Health and Care Fund," which shall consist of taxes and fees collected under this section. The State Treasurer shall be custodian of the fund, and he or she shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding any other provision of law, any moneys remaining in the fund at the end of a biennium shall not revert to the credit of the general revenue fund. The Commissioner of Administration is authorized to make cash operating transfers to the fund for purposes of meeting the cash requirements of the Department in advance of it

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receiving annual application, licensing, and tax revenue, with any such transfers to be repaid as provided by law. The fund shall be a dedicated fund and shall stand appropriated without further legislative action as follows:

(a) First, to the Department, an amount necessary for the Department to carry out this section, including repayment of any cash operating transfers, payments made through contract or agreement with other state and public agencies necessary to carry out this section, and a reserve fund to maintain a reasonable working cash balance for the purpose of carrying out this section;

(b) Next, the remainder of such funds shall be transferred to the Missouri Veterans Commission for health and care services for military veterans, including the following purposes: operations, maintenance and capital improvements of the Missouri Veteran's Homes, the Missouri Service Officer's Program, and other services for veterans approved by the Commission, including but not limited to health care services, mental health services, drug rehabilitation services, housing assistance, job training, tuition assistance, and housing assistance to prevent homelessness. The Missouri Veterans Commission shall contract with other public agencies for the delivery of services beyond its expertise.

(c) All moneys from the taxes authorized under this subsection shall provide additional dedicated funding for the purposes enumerated above and shall not replace existing dedicated funding.

(3) For all retail sales of marijuana for medical use, a record shall be kept by the seller which identifies by secure and encrypted patient number issued by the seller to the qualifying patient involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations, taxes collected and grand total sale amounts. All such records shall be kept on the premises in a readily available format and be made available for review by the Department and the Department of Revenue upon request. Such records shall be retained for five years from the date of the sale.

(4) The tax levied pursuant to this subsection is separate from and in addition to any general state and local sales and use taxes that apply to retail sales, which shall continue to be collected and distributed as provided by general law.

(5) Except as authorized in this subsection, no additional taxes shall be imposed on the sale of marijuana for medical use.

5. Additional Patient, Physician, Caregiver and Provider Protections

(1) Except as provided in this section, the possession of marijuana in quantities less than the limits of this section or established by the Department and transportation of marijuana from a Medical Marijuana Dispensary Facility to the qualifying patient residence shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that the possessor produces on demand to the appropriate authority a valid qualifying patient identification card; a valid patient cultivation identification card; a valid physician certification while making application for an identification card; or a valid primary caregiver identification card. Production of the respective equivalent identification card or authorization issued by another state or political subdivision of another state shall also meet the requirements of this subdivision.

(2) No patient shall be denied access to or priority for an organ transplant because they hold a qualifying patient identification card or use marijuana for medical use.

(3) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri State Board of Registration for the Healing Arts, or its successor agency, for issuing a physician certification to a patient diagnosed with a qualifying medical condition in a manner consistent with this section and legal standards of professional conduct.

(4) A health care provider shall not be subject to civil or criminal prosecution, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing health

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care services that involve the medical use of marijuana consistent with this section and legal standards of professional conduct.

(5) A testing laboratory shall not be subject to civil or criminal prosecution, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this section and otherwise meeting legal standards of professional conduct.

(6) A health care provider shall not be subject to mandatory reporting requirements for the medical use of marijuana by non-emancipated qualifying patients under eighteen years of age in a manner consistent with this section and with consent of a parent or guardian.

(7) A primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing, transporting, or administering marijuana for medical use by a qualifying patient or participating in the patient cultivation of up to six flowering marijuana plants per patient in a manner consistent with this section and generally established legal standards of personal or professional conduct.

(8) An attorney shall not be subject to disciplinary action by the state bar association or other professional licensing body for providing legal assistance to prospective or licensed Medical Marijuana Cultivation Facilities, Medical Marijuana Dispensary Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, qualifying patients, primary caregivers, physicians, health care providers or others related to activity that is no longer subject to criminal penalties under state law pursuant to this section.

(9) Actions and conduct by Qualifying Patients, Primary Caregivers, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities licensed or registered with the Department, or their employees or agents, as permitted by this section and in compliance with Department regulations and other standards of legal conduct, shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this section.

(10) Nothing in this section shall provide immunity for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat under the influence of marijuana.

(11) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by Qualifying Patients, Primary Caregivers, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by Qualifying Patients, Primary Caregivers, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this section, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.

6. Legislation

Nothing in this section shall limit the General Assembly from enacting laws consistent with this section, or otherwise effectuating the patient rights of this section. The legislature shall not enact laws that hinder the right of qualifying patients to access marijuana for medical use as granted by this section

7. Additional Provisions

(1) Nothing in this section permits a person to:

(a) Consume marijuana for medical use in a jail or correctional facility;

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(b) Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; or

(c) Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana; or

(d) Bring a claim against any employer, former employer, or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer, or prospective employer prohibiting the employee, former employee, or prospective employee from being under the influence of marijuana while at work or disciplining the employee or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana.

(2) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall be owned, in whole or in part, or have as an officer, director, board member, manager, or employee, any individual with a disqualifying felony offense. A "disqualifying felony offense" is a violation of, and conviction or guilty plea to, state or federal law that is, or would have been, a felony under Missouri law, regardless of the sentence imposed, unless the Department determines that:

(a) The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

(b) The person's conviction was for a non-violent crime for which he or she was not incarcerated and that is more than five years old; or

(c) More than five years have passed since the person was released from parole or probation, and he or she has not been convicted of any subsequent criminal offenses.

The Department may consult with and rely on the records, advice and recommendations of the Attorney General and the Department of Public Safety, or their successor entities, in applying this subdivision.

(3) All Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility licenses shall be held by entities that are majority owned by natural persons who have been citizens of the state of Missouri for at least one year prior to the application for such license or licenses. Notwithstanding the forgoing, entities outside the state of Missouri may own a minority stake in such entities.

(4) A county may require a site permit for a Medical Marijuana Dispensary Facility utilizing generally applicable permitting standards. In addition, by February 1, 2019, a county may limit the number of site permits to be granted for Medical Marijuana Dispensary Facilities, provided, however, that the number may not be limited to fewer than one site for every thirty thousand inhabitants, or any portion thereof, in such county, according to the most recent census of the United States. After a county's initial site permit limit notification, a county shall notify the Department of any change to its site permit limit within ten days of such decision; however, the number of site permits shall not be less than the number of licenses previously issued by the Department for that county.

(5) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall manufacture, package or label marijuana or marijuana-infused products in a false or misleading manner. No person shall sell any product in a manner designed to cause confusion between a marijuana or marijuana-infused product and any product not containing marijuana. A violation of this subdivision shall be punishable by an appropriate and proportional Department sanction, up to and including loss of license.

(6) All edible marijuana-infused products shall be sold in individual, child-resistant containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products shall be sold in containers clearly and conspicuously labeled, in a font size at least as large as the largest other font size used on the package, as containing "Marijuana," or a

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"Marijuana-Infused Product." Violation of this prohibition shall subject the violator to Department sanctions, including an administrative penalty.

(7) No individual shall serve as the primary caregiver for more than three qualifying patients.

(8) No qualifying patient shall consume marijuana for medical use in a public place. Violation of this prohibition shall subject the violator to sanctions as provided by general law.

(9) No person shall extract resins from marijuana using dangerous materials or combustible gasses without a Medical Marijuana-Infused Products Manufacturing Facility license. Violation of this prohibition shall subject the violator to Department sanctions, including an administrative penalty and loss of their identification card or license for up to one year.

(10) All patient cultivation shall take place in an enclosed, locked facility that is equipped with security devices that permit access only by the qualifying patient or by such patient's primary caregiver. Two qualifying patients, who both hold valid patient cultivation identification cards, may share one enclosed, locked facility. No more than twelve patient or primary caregiver cultivated flowering marijuana plants may be cultivated in a single, enclosed locked facility, except when a primary caregiver also holds a patient cultivation identification card, in which case no more than eighteen flowering marijuana plants may be cultivated in a single, enclosed, locked facility.

(11) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall assign, sell, give, lease, sublicense, or otherwise transfer its license to any other entity without the express consent of the Department, not to be unreasonably withheld.

(12) Unless allowed by the local government, no new Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused Products Manufacturing Facility shall be initially sited within one thousand feet of any then-existing elementary or secondary school, child day-care center, or church. No local government shall prohibit Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, either expressly or through the enactment of ordinances or regulations that make their operation unduly burdensome in the jurisdiction. However, local governments may enact ordinances or regulations not in conflict with this section, or with regulations enacted pursuant to this section, governing the time, place, and manner of such facilities in the locality. A local government may establish civil penalties for violation of an ordinance or regulations governing the time, place, and manner of operation of a Medical Marijuana Cultivation Facility, Medical Marijuana Infused Products Manufacturing Facility, or Medical Marijuana Dispensary Facility that may operate in such locality.

(13) Unless superseded by federal law or an amendment to this Constitution, a physician shall not recommend the medical use of marijuana to a patient by any means other than providing a physician certification for the patient, whether handwritten, electronic or in another commonly used format. In any year, no physician shall issue more physician certifications than a number equivalent to twenty-five percent of their total number of prescriptions for other drugs. A qualifying patient must obtain a new physician certification at least annually.

(14) A physician shall not issue a certification for the medical use of marijuana for a non-emancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. The Department shall not issue a patient identification card on behalf of a non-emancipated qualifying patient under the age of eighteen without the written consent of the qualifying patient's parent or legal guardian. Such card shall be issued to one of the parents or guardians and not directly to the patient. Only a parent or guardian may serve as a primary caregiver for a non-emancipated qualifying patient under the age of eighteen. Only the qualifying patient's parent or guardian shall purchase or possess

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medical marijuana for a non-emancipated patient under the age of eighteen. A parent or guardian shall supervise the administration of medical marijuana to a non-emancipated patient under the age of eighteen

(15) Nothing in this section shall be construed as mandating health insurance coverage of medical marijuana for qualifying patient use.

(16) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this section shall not be subject to asset forfeiture solely because of that use.

8. Severability

The provisions of this section are severable, and if any clause, sentence, paragraph or section of this measure, or an application thereof, is adjudged invalid by any court of competent jurisdiction, the other provisions shall continue to be in effect to the fullest extent possible.

9. Effective Date

The provisions of this section shall become effective on December 6, 2018, as provided by this Constitution.

18-005

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

ELECTIONS DIVISION
(573) 751-2301

November 10, 2016

RECEIVED
NOV 10 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article IV, version 1 (2018-005)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on November 9, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

18-005

County ..... Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri: We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of .November, .2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

CIRCULATOR'S AFFIDAVIT

State Of Missouri, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

	Name (signatures)	Date signed	Address(city, town, or village)	Zip Code	Cong. Dist.	Name (print or Typed)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

Signature of Affiant (Person obtaining signatures) .....

(Printed Name of Affiant) ..... Address of Affiant Subscribed and sworn to before me this ..... day of ....., A.D. ....

Signature of Notary .....

Address of Notary .....Notary Public (Seal) .....

My commission expires .....

If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors. (L. 1980 S.B. 658, A.L. 1986 H.B. 1471, et al., A.L. 1997 S.B. 132, A.L. 1999 H.B. 676, A.L. 2013 H.B. 117) *Effective 11-04-14

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This measure amends the Missouri Constitution by adding Section 54 to Article 4. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c,195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l),195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii),195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7,195.223.7, 195.223.8, 263.250.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Marijuana shall immediately be removed from the Missouri Revised Statutes list of controlled substances and shall no longer be listed among Missouri's drugs schedules. The state legislature have until the end of the following legislature session of passage to rename marijuana to cannabis in all the statutes or the statutes is null or void

1. Definition of terms, as used in this Act:

a) 1. "cannabis" and "cannabis hemp" refer to the cannabis, marihuana, marijuana, cannabis sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.

b) "hemp": he fiber of this plant, extracted from the stem and used to make rope, stout fabrics, fiberboard, and paper. the sister plant of cannabis

c) "medical cannabis" refers to the medical use of cannabis.

d) "personal use" refers to the non-medical consumption of cannabis.

e) "Expungeable marijuana offense" are any convictions committed prior to this amendment.

f) "home grow amounts" a total of 60 square feet or less of cultivation of cannabis or hemp or a combination of both for personal and/or medical use.

g) "cannabis accessories" means any equipment, products, or materials of any kind that are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis, or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into and/or onto the human body.

h) "establishment" refers to a cannabis cultivation facility, a cannabis testing facility, a cannabis product manufacturing facility, or a retail cannabis store or other entity that cultivates, prepares, manufactures, packages, transports or sells cannabis, cannabis products and/or cannabis accessories.

3.The following acts are not unlawful and shall not be an offense under Missouri law or be a basis for seizer or forfeiture.

a) Adult Possession of cannabis for personal at 21 years or older.

b) Possession, production, cultivation and distribution of hemp, marijuana and cannabis.

c) Cultivation, harvesting processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes provided the person has current applicable licensing to operate a commercial establishment. No special licensing will be required beyond that which is applicable for the cultivation, harvest, processing, manufacturing, packaging, distribution, transferal, display or possessing of any non-toxic food or food product.

d) Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (d) of this subsection.

4. Medical cannabis shall be available to patients who have a physician's recommendation.

(a) All patients engaged in cannabis therapy shall be afforded the same rights and privileges afforded to any patient treated through other pharmaceutical means.

(b) Cannabis acquisition, possession, and consumption shall be permitted to patients under the age of twenty-one with the consent of a parent or legal guardian and through the supervision of a parent or legal custodian and a licensed physician.

(c) Licensed physicians shall not be penalized for nor restricted from recommending cannabis for medical purposes to any person.

(d) Opinions pertaining to, and willingness to recommend medical cannabis therapy shall not be a criteria for the licensure of physicians; no physician shall be subject to any professional licensing review or hearing as a result of recommending or approving medical cannabis therapy.

(e) Any individual who is a legal cannabis patient in another state shall be granted the same rights and privileges as a legal Missouri cannabis patient.

1. Medical care, including organ transplants, shall not be restricted in any way based on a person's use of cannabis.

5. Nothing in this section shall:

(a) Require an employer to retain an employee who is impaired on the job by his use of cannabis.

(b) Permit operation of a motor vehicle, watercraft, aircraft, train, or any transportation device of vehicle by anyone who is impaired by marijuana, cannabis or any other controlled substance.

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(c) Permit the transfer or sale of cannabis intended for adult use to a person younger than twenty-one years of age.

1. Forbid any individual, corporate property owner, elementary education institutions, and secondary education institutions from prohibiting the distribution, sale or cultivation of cannabis within their dwelling for personal use.

6. The dictates of this Initiative shall be implemented no later than January 1, following the election that placed this Initiative before the people.

7. Upon the passage of this Act, all persons incarcerated or under supervision of the Missouri Board of Probation and Parole for non-violent, cannabis-only offenses which are no longer illegal in the State of Missouri under this Act shall be immediately released.

(a) The Court shall order the immediate expungement of civil and criminal records pertaining to all non-violent cannabis only offenses which are no longer illegal in the State of Missouri under this Act.

(b) Within 60 days of the passage of this Act,the Attorney General shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis-related non-violent civil and criminal records in Missouri and for any offense covered by this amendment. This document shall be distributed to all Circuit Court clerks within the State.

8. No Missouri law enforcement personnel or state funds shall be used to assist or aid in the enforcement of federal cannabis laws involving acts which are no longer illegal in the State of Missouri under this amendment

9. Any person who willfully impedes the lawful exercise of these provisions is guilty of a Class A misdemeanor.

10. Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirement, licensing fee that is excessive, discriminatory, prohibitive, or in any way contrary to that which is relative to any other commercial or agricultural farmer, manufacturer, processor or distributor.

11. Taxes and regulations not conflicting with sections may be imposed on the production, distribution, cultivation and possession of cannabis, marijuana and hemp shall be subjected to duly authorized powers, if any, conferred by article III and VI of the Constitution of Missouri:

12. All provisions of this section are self-executing and severable, and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance, or resolution.

18-004

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 10, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RECEIVED
NOV 10 2016
STATE AUDITORS OFFICE

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article I (2018-004)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on November 9, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

18-004

County ..... Page No. .....

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri: We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of .November, .2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

CIRCULATOR'S AFFIDAVIT

State Of Missouri, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

	Name (signatures)	Date signed	Address(city, town, or village)	Zip Code	Cong. Dist.	Name (print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

Signature of Affiant (Person obtaining signatures) .....

(Printed Name of Affiant) ..... Address of Affiant Subscribed and sworn to before me this ..... day of ....., A.D. ....

Signature of Notary .....

Address of Notary .....Notary Public (Seal) .....

My commission expires .....

If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors. (L. 1980 S.B. 658, A.L. 1986 H.B. 1471, et al., A.L. 1997 S.B. 132, A.L. 1999 H.B. 676, A.L. 2013 H.B. 117) *Effective 11-04-14

18-004

Right to farm.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

35 of Article I of the Constitution of Missouri is amended by modifying section 35. The existing section 35 is set forth hereinafter with the new matter bold and deleted matter in brackets.

Definitions of terms, as used in this Act:

a) **Cannabis: refers to the cannabis, marihuana, marijuana, cannabis, sativa, cannabis indica, cannabis ruderalis, or any variety of cannabis, including but not limited to, derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof**

b) **Hemp: The fiber of this plant, extracted from the stem and used to make rope, fabrics, fiberboard, clothing, and paper. The sister plant of cannabis**

That agriculture which provides food, energy, health benefits, and security is the foundation and stabilizing force of Missouri's economy. **This section shall protect the right to grow cannabis and hemp.** To protect this vital sector of Missouri's economy, the right of farmers and ranchers to engage in farming and ranching practices shall be forever guaranteed in this state, subject to duly authorized powers, if any, conferred by article VI of the Constitution of Missouri.

18-003

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

November 10, 2016

RECEIVED
NOV 10 2016
STATE AUDITORS OFFICE

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Damien Johnson regarding a proposed constitutional amendment to Article VIII (2018-003)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Damien Johnson on November 9, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County ..... Page No. .....

18-003

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri: We, the undersigned, registered voters of the state of Missouri and ..... County (or city of St. Louis), respectfully order that the following amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of .November, .2018 and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and ..... County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

CIRCULATOR'S AFFIDAVIT

State Of Missouri, County Of .....

I, ..., being first duly sworn, say (print or type names of signers)

	Name (signatures)	Date signed	Address(city, town, or village)	Zip Code	Cong. Dist.	Name (print or Typed)
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signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and ..... County. FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do .... do not .... (check one) expect to be paid for circulating this petition.

If paid, list the payer ....

Signature of Affiant (Person obtaining signatures) .....

(Printed Name of Affiant) ..... Address of Affiant Subscribed and sworn to before me this ..... day of ....., A.D. ....

Signature of Notary .....

Address of Notary .....Notary Public (Seal) .....

My commission expires .....

If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors. (L. 1980 S.B. 658, A.L. 1986 H.B. 1471, et al., A.L. 1997 S.B. 132, A.L. 1999 H.B. 676, A.L. 2013 H.B. 117) *Effective 11-04-14

18-003

This amendment repeals, in part or in whole, and amends various statutes and subsections relating to political parties. Including but not necessarily limited to RSMO 115.121, 115.122, 115.307, 115.309, 115.31, 115.315, 115.319, 115.321, 115.603, 115.605, 115.607 to 115.627,

Be it resolved by the people of the state of Missouri that the Constitution be amended:

Article VIII of the Missouri Constitution by creating a new section known as section 23 of Article VIII to read as follows:

a) Candidates running for United States Senate, United States Congress, Governor, Lt. Governor, Treasurer, Attorney General, Secretary of State, State Senate and State Representative shall be listed as a non-partisan candidate and no Party affiliation shall be listed next to a candidate.

b) Unless running in a special election or a runoff, all candidates shall run in a November election without running in a primary and required to win 50% plus one of the votes cast. If no candidates win 50% plus one of the votes cast, then there shall be a runoff between the top two candidates no later than 60 days after the November election.

c) Candidates shall not be charged more than $100 nor be required to collect signatures.

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

RECEIVED
NOV 09 2016
STATE AUDITORS OFFICE

ELECTIONS DIVISION
(573) 751-2301

18-002

November 9, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Charles Jones regarding a proposed constitutional amendment to Article IV (2018-002)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Charles Jones on November 9, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

18-002

County_____
Page No._____

It is a class A misdemeanor punishable, notwithstanding the provisions of section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

INITIATIVE PETITION

To the Honorable Jason Kander, Secretary of State for the state of Missouri:

We, the undersigned, registered voters of the state of Missouri and _____ County (or city of St. Louis), respectfully order that the following proposed law (or amendment to the constitution) shall be submitted to the voters of the state of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018, and each for himself or herself says: I have personally signed this petition, I am a registered voter of the state of Missouri and _____ County (or city of St. Louis), my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____, being first duly sworn, say (print or type names of signers)

Name (signature)	Date Signed	Street Address, City	Zip Code	Cong Dist.	Name (printed)

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence, I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the state of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY. I am at least 18 years of age.

I do ____ do not ____ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

Signature of Affiant (Person obtaining signatures)

_____

Printed Name of Affiant

_____

Address of Affiant

_____

_____

Subscribed and sworn to before me this ____day of _____, _____A.D.

Signature of Notary_____

Address of Notary_____

_____

My commission expires _____

If this form is followed substantially and the requirements of section 116.050 and section 116.080 are met, it shall be sufficient, disregarding clerical and merely technical errors.

18-002

This measure amends the Missouri Constitution by adding Section 54 to Article IV. This amendment implicitly repeals, in part or in whole, and amends various statutes and subsections including but not necessarily limited to RSMo 105.1105, 105.1108, 105.1112, 195.010.(10)(b)c, 195.010.(10)(d), 195.010.(17)(m)(b), 195.010.(17)(g), 195.010.(17)(l), 195.010(24), 195.015.4, 195.017.2(4)(r), 195.017.2(4)(z), 195.017.2(4)(ii), 195.140.2(2), 195.202.2, 195.202.3, 195.211.2, 195.211.3, 195.211.4, 195.222.7, 195.223.7, 195.223.8, 263.250.1.

Be it resolved by the people of the state of Missouri that the Constitution be amended:

One new section is adopted to be known as Article IV, Section 54 and to read as follows:

1) Cannabis shall immediately be removed from the Missouri list of controlled substances and shall no longer be listed among Missouri's drug schedules.
2) Definitions: cannabis and cannabis hemp refer to Cannabis, Marijuana, Cannabis Sativa, Cannabis Indica, Cannabis Ruderalis or any variety of cannabis, including any derivative, concentrate, extract, flower, leaf, particle, preparation, resin, root, salt, seed, stalk, stem, or any product thereof.
   a. Medical cannabis refers to physician recommended use.
   b. Personal use refers to any use not recommended by physician.
   c. Cannabis accessories means any equipment, products or materials of any kind that are used or intended for use planting, propagating, cultivating, growing, harvesting, manufacturing, compounding , converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, or containing cannabis or for ingesting, inhaling, vaporizing, smoking or otherwise introducing cannabis into or onto the human body.
   d. Establishment refers to a cannabis cultivation facility, a cannabis manufacturing facility or retail store or other entity that cultivates, prepares, manufactures, packages, transports, or sells cannabis products or accessories.
   e. Minor refers to anyone under the age 18.
3) Cannabis or its products shall not be sold to anyone under the age 18.
   Anyone under the age of 18 shall have access to cannabis through physician recommendation or consent from parent/legal guardian.
   a. No minor shall be criminally prosecuted for possession of cannabis or its products.
4) The following acts are not unlawful and shall not be an offense under Missouri law
   a. Possession of cannabis for personal or medical use.
   b. Cultivating cannabis for personal or medical use, to obey zoning restrictions.
   c. Cultivating, harvesting, processing, manufacturing, packaging, distributing, transferring, displaying or possessing cannabis, cannabis accessories, and cannabis products for commercial purposes, provided the person has current applicable licenses to run a business in Missouri.
   d. Providing cannabis, cannabis accessories and products for sale to consumers. Any product to be sold to public must be tested for purity and weight.
   e. Leasing or otherwise allowing the use of property owned, occupied or controlled by any person, corporation or other entity for any of the activities conducted lawfully in accordance with paragraphs (a) through (e) of this section.
   f. The use and/or possession of cannabis is not to be the sole reason for issuing a D.U.I (driving under the influence), arrest or fines when operating a motor vehicle.
5) Patient rights: Cannabis shall be available to all patients regardless of age, without taxation when physician recommended.
6) All prisoners that have been incarcerated for nonviolent cannabis related crimes shall immediately be released and all charges for cannabis crimes expunged.
   a. Within 60 days of passage of this act, the attorney general's office shall develop and make available to the public a legal document ordering the immediate destruction of all cannabis related non-violent civil and criminal records in Missouri, to be distributed to all circuit court judges within the state.
7) No state or federal funds shall be used to enforce federal laws which are no longer illegal in the state of Missouri.
   a. Any person who willfully impedes the lawful exercise of these provisions is guilty of a class A misdemeanor.
8) Cannabis farmers, manufacturers, processors, and distributors shall not be subject to any special zoning requirements, licensing fee that is discriminant, prohibitive, or in any way contrary to that which is relative to any other commercial or agriculture farmer, manufacturer, processor or distributor.
9) Pursuant to the ninth and tenth amendments to the Constitution of the United States, the people of Missouri hereby repudiate and challenge federal cannabis prohibitions that conflict with this act.
10) All provisions of this section are self-executing and severable and, except where otherwise indicated in the text of this document, shall supersede conflicting city, county, state or federal statutory, local charter, ordinance or resolution.
11) If any rival or conflicting initiative regulating any matter addressed by this act receives the higher affirmative vote, then all non-conflicting parts shall become operative.
12) The dictates of this Initiative shall be implemented no later than April 20th following the election that placed this initiative before the people.

JASON KANDER
SECRETARY OF STATE
STATE OF MISSOURI

JAMES C. KIRKPATRICK
STATE INFORMATION CENTER
(573) 751-4936

ELECTIONS DIVISION
(573) 751-2301

RECEIVED
NOV 09 2016
STATE AUDITORS OFFICE

18-001

November 9, 2016

The Honorable Nicole Galloway
State Auditor
State Capitol Building
Jefferson City, MO 65101

RE: Petition approval request from Bradley Bradshaw regarding a proposed constitutional amendment to Article XIV (2018-001)

Dear Auditor Galloway:

Enclosed please find an initiative petition sample sheet for a proposal to amend the Missouri Constitution filed by Bradley Bradshaw on November 9, 2016.

We are referring the enclosed petition sample sheet to you for the purposes of preparing a fiscal note and fiscal note summary as required by Section 116.332, RSMo. Section 116.175.2, RSMo requires the state auditor to forward the fiscal note and fiscal note summary to the attorney general within twenty days of receipt of the petition sample sheet.

Thank you for your immediate consideration of this request.

Sincerely,

Jason Kander

Jason Kander

cc: Hon. Chris Koster
Sheri Hoffman
Barbara Wood

County_____
Page No. _____

It is a class A misdemeanor punishable, notwithstanding the provisions of Section 560.021, RSMo, to the contrary, for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars or both, for anyone to sign any initiative petition with any name other than his or her own, or knowingly to sign his or her name more than once for the same measure for the same election, or to sign a petition when such person knows he or she is not a registered voter.

18-001

INITIATIVE PETITION

To the Honorable John (Jay) Ashcroft, Secretary of State for the State of Missouri:

We, the undersigned, registered voters of the State of Missouri and _____County (or City of St. Louis), respectfully order that the following proposed amendment to the constitution shall be submitted to the voters of the State of Missouri, for their approval or rejection, at the general election to be held on the 6th day of November, 2018 and each for himself or herself says: I have personally signed this petition; I am a registered voter of the State of Missouri and _____ County (or City of St. Louis); my registered voting address and the name of the city, town or village in which I live are correctly written after my name.

(Official Ballot Title)

RECEIVED
[illegible]

CIRCULATOR'S AFFIDAVIT

STATE OF MISSOURI, COUNTY OF _____ I, _____ being first duly sworn, say
(print or type names of signers)

NAME (Signature)	Date Signed	REGISTERED VOTING ADDRESS Street, No PO Boxes (City, Town or Village)	Zip Code	Cong. Dist.	NAME (Printed or Typed)
1.	/ /				
2.	/ /				
3.	/ /				
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6.	/ /				
7.	/ /				
8.	/ /				
9.	/ /				
10.	/ /				

signed this page of the foregoing petition, and each of them signed his or her name thereto in my presence; I believe that each has stated his or her name, registered voting address and city, town or village correctly, and that each signer is a registered voter of the State of Missouri and _____ County.

FURTHERMORE, I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT ALL STATEMENTS MADE BY ME ARE TRUE AND CORRECT AND THAT I HAVE NEVER BEEN CONVICTED OF, FOUND GUILTY OF, OR PLED GUILTY TO ANY OFFENSE INVOLVING FORGERY.

I am at least 18 years of age. I do ___ do not ___ (check one) expect to be paid for circulating this petition. If paid, list the payer _____.

_____
Signature of Affiant (Person obtaining signatures)

_____
Printed Name of Affiant (Person obtaining signatures)

_____
Address of Affiant (Person obtaining signatures)

Subscribed and sworn to before me this _____day of _____, A.D. _____.

_____
Signature of Notary

_____
Address of Notary

Notary Public (Seal)

My Board expires _____.

18-001

Be it resolved by the people of the State of Missouri that the Constitution be amended:

One new article and twelve new sections are adopted by adding twelve new sections to a new Article, to be known as Sections 1 through Section 12 of Article XIV to read as follows:

Section 1. Purpose.

(a) For the purpose of benefiting the citizens of Missouri by providing for medical research to find and develop cures and treatments for cancer and other incurable and chronic diseases or medical conditions, and by funding said medical research by the legalization and use of medical marijuana or its derivatives as palliative or ameliorative treatment for any such condition, with taxes on medical marijuana or any derivatives thereof as set forth herein, with the proceeds of such taxes to be used to establish, provide for, and continue such medical research as provided herein. This Article XIV permits authorized physicians to recommend marijuana for medical purposes to patients with serious illnesses and medical conditions. The Article XIV allows patients with qualifying medical conditions the right to discuss freely with their physicians the possible benefits of medical marijuana use, the right of their physicians to provide professional advice concerning the same, and the right to use medical marijuana for treatment under the supervision of a physician. This Article XIV is not intended to change current civil and criminal laws governing the use of marijuana for nonmedical purposes. The section does not allow for the public use of marijuana or driving under the influence of marijuana.

Section 2. Definitions:

As used in this Article XIV, the following terms shall mean:

(a) "Administer" means the direct application of marijuana to the body of a qualifying patient by any approved methods, as defined herein.

(b) "Approved methods" for the administration of marijuana are defined to include ingestion of capsules, teas and other sanctioned marijuana-infused products, vaporization or smoking of dried flowers/buds, oils, resins, or plant material, application of ointments, patches, suppositories or balms, consuming marijuana-infused food products or any other method recommended by a qualifying patient's physician and approved by the Research Board.

(c) "Article XIV Coordinator" means the individual who coordinates activation and implementation of this Article XIV and its subsections by initially and temporarily functioning as the Chairperson of the Research Board of the Biomedical Research and Drug Development Institute and Chairperson of the Land Acquisition Board until those positions are otherwise filled pursuant to this Article XIV.

(d) "Authorized physician" means an individual who is licensed and in good standing to practice medicine or osteopathy under Missouri law and has not in the past ten years had their licensed suspended, or in the last twenty years revoked, for excessively dispensing controlled substances.

(e) "Building and construction" means the erection, renovation, development or remodeling of any structure allowed for in this article including, but not limited to, marijuana cultivation facilities, offices, buildings, clinics, hospitals, sidewalks, roads, public transit systems and structures, public recreational and entertainment facilities, community developments, landscaping, green spaces, enterprise zones, housings, parks, recreational areas and the planning, design, development, architectural design and engineering of any of the same.

(f) "Campus" means the primary and main physical location of a campus where medical research and treatment shall be performed, medical marijuana and the diseases it ameliorates may be cultivated and studied, and headquarters of the Research Board and where the Research Board shall primarily operate, also including but not limited to, the campus selected and developed under land acquisition and land development, and used as the primary physical location for jobs, building and construction, land development, improvements, research, cures and education in Missouri in the endeavor to find cures for presently incurable diseases under this Article XIV.

(g) "Cures" means any and all cures, also including but not limited to, medical treatments, psychiatric and psychological treatments, medications, protocols, therapies, surgeries, genetic material, biologicals, behavioral treatments, clinical trials, laboratory studies, diagnostic tests, evaluations, counseling, treatments, implants, grafts, hardware, orthotics, machines, electronic devices, computers, software programs, studies, and endeavors that help or may help in studying, slowing, curing, eliminating, halting, placing in remission, ameliorating, ending, or regressing any or all presently incurable diseases, targeted diseases, or conditions, illnesses and diseases that are otherwise incurable.

(h) "Designated primary caregiver" means an individual twenty-one (21) years of age or older who has significant responsibility for managing the well-being of a person who has a physician certification and has been designated as such on that person's application for a designated primary caregiver identification card consistent with the regulations of the Research Board.

18-001

(i) "Designated primary caregiver identification card" means a card issued by the Research Board to a designated primary caregiver.

(j) "Education" means any and all education, also including but not limited to, teaching, training and education that is, directly or indirectly, necessary, helpful or supportive to jobs, building and construction, land development, campus development, campus improvement, research, jobs and education in Missouri in the endeavor to find cures for incurable diseases.

(k) "Endeavor" means any and all endeavors, also including but not limited to, attempts, quests, searches, championing, pursuit, travel, work, inquiries, treatments, protocols, implementations, and research relating to jobs, building and construction, land development, campus, research and education in Missouri in the effort to find cures for presently incurable diseases.

(l) "In Missouri" means within the geographic boundaries of the State of Missouri as established by law and this Constitution.

(m) "Jobs" means any and all forms of jobs and work pursuant to this Article XIV, also including but not limited to, salaries, consultants and fees, employment of individuals where the work classification is directly or indirectly related to building and construction, land development, campus, research, cures and education in Missouri in the endeavor to find cures for presently incurable diseases.

(n) "Land acquisition" means the acquisition of real and personal property, also including but not limited to investigations, inquiries, studies, plans and review of data to determine five potential locations for land development and acquisition for a campus where jobs will be had, building and construction will occur and research and education in Missouri will take place in the endeavor to find cures for presently incurable diseases and where the Research Board shall be primarily located.

(o) "Land development" means any and all land planning and development, also including but not limited to studies, inquiries, exploration, research, planning, and actual purchase of lands, buildings, real estate and property related to site development and campus, land acquisition, land design and use, covenants, restrictions, and ancillary jobs, building and construction, research and education in Missouri in the endeavor to find cures for presently incurable diseases.

(p) "Local government" means a county or city not within a county, or any city, town or village under Chapters 71-82 RSMo.

(q) "Marijuana" means *Cannabis indica*, *Cannabis sativa*, and *Cannabis ruderalis*, hybrids of such species, and any other strains, including but not limited to extractions, resins, concentrates and infusions, commonly understood within the scientific community to constitute or contain marijuana, and the seeds of such plants. "Marijuana" does not include industrial hemp containing a crop-wide average tetrahydrocannabinol concentration that does not exceed three-tenths of one percent on a dry weight basis, or commodities or products manufactured from industrial hemp, or synthetic marijuana.

(r) "Medical Marijuana Cultivation Facility" means a facility, person or entity, licensed by the Research Board, to cultivate in Missouri, store and transport in Missouri and sell in Missouri, marijuana to a Medical Marijuana Dispensary Facility for sale for medical use or to a Medical Marijuana-Infused/Extraction Products Manufacturing Facility for use and manufacture in marijuana-infused/extraction products for sale to a Medical Marijuana Dispensary Facility for sale for medical use.

(s) "Medical Marijuana Research Cultivation Facility" means a facility, person or entity, licensed by the Research Board, to cultivate in Missouri, store and transport in Missouri and sell in Missouri, marijuana for research purposes or to a Medical Marijuana Dispensary Facility for sale for medical use or to a Medical Marijuana-Infused/Extraction Products Manufacturing Facility for use and manufacture in marijuana-infused/extraction products for sale to a Medical Marijuana Dispensary Facility for sale for medical use, with such Medical Marijuana Dispensary Facilities participating in the research in some fashion directed towards the use of medical marijuana, by voluntary surveys, or otherwise, with qualifying patients who purchase the research cultivated marijuana.

(t) "Medical Marijuana Dispensary Facility" means a facility, licensed by the Research Board, to transport, store and sell in Missouri marijuana or marijuana-infused/extraction products for medical use, as provided in this Article XIV.

(u) "Medical Marijuana-Infused/Extraction Products Manufacturing Facility" means a facility, licensed by the Research Board, to manufacture products which are infused with marijuana or its extracts, or products produced from extracts or derivatives of marijuana, and store and transport marijuana-infused/extraction products in Missouri for sale to a Medical Marijuana Dispensary Facility for sale for medical use.

(v) "Medical use of marijuana" means the production, possession, delivery, transportation, distribution or administration of marijuana, or paraphernalia used to administer marijuana, as necessary for the exclusive benefit of a person to mitigate the symptoms or effects of the person's qualifying medical condition.

(w) "Missouri Resident" means for purposes of this Article XIV that the natural person was physically present and maintained a residence in the state of Missouri for greater than one hundred and eighty (180) days out of any calendar year in question and was legally in both the United States and Missouri during that entire time period.

(x) "Participating research entities" means public, private, quasi-public or quasi-private entities or individuals that enter into contracts with the Research Board for research, building and construction and endeavors to facilitate finding cures for presently incurable diseases.

(y) "Physician certification" means a written document, valid for up to twenty-four (24) months from the date of the authorized physician's signature, signed by an authorized physician, that states in the physician's professional opinion, the qualifying patient suffers from a qualifying medical condition, is likely to receive therapeutic or palliative benefit from the medical use of marijuana to treat or alleviate the patient's qualifying medical condition or symptoms associated with the qualifying medical condition, and that the potential benefits of the medical use of marijuana may outweigh the health risks to the qualifying patient.

(z) "Plant canopy" means the area dedicated to live marijuana plants, such as maintaining mother plants, propagating plants from seed to plant tissue, clones, vegetative or flowering area. Plant canopy does not include areas such as space used for the storage of fertilizers, pesticides, or other products, quarantine, office space, walkways and the like.

(aa) "Presently incurable diseases" means any and all diseases and disorders that are presently as well as in the future determined/classified to be incurable, including but not limited to, illnesses, diseases, ailments, conditions and syndromes that are terminal, fatal, progressive, not necessarily progressive but result in long term and frequently permanent injury, disability or suffering, or such conditions that are not readily or not effectively treatable to a full cure.

(bb) "Qualifying medical condition" means diseases that medical marijuana ameliorates, including but not limited to:

i. cancer,
ii. epilepsy,
iii. multiple sclerosis,
iv. human immunodeficiency virus and acquired immune deficiency syndrome,
v. glaucoma,
vi. intractable migraines unresponsive to other treatment,
vii. a chronic medical condition that causes persistent pain and/or persistent muscle spasms including but not limited to those associated with paralysis, Parkinson's disease, Bell's Palsy, and Tourette's syndrome,
viii. debilitating psychiatric disorders that benefit from medical marijuana and have been treated at some point in the patient's medical history by a physician who has received at least three months or more of training in a psychiatric internship, residency program, or through a continuing education program sponsored by an accredited psychiatric residency program, approved by the Research Board and directed toward the recommendations or use of medical marijuana for psychiatric disorders,
ix. a terminal illness,
x. end stage illness as defined by the Research Board, and
xi. any other diseases that the Research Board determines, based upon reliable data and generally accepted scientific principles, will benefit from treatment with medical marijuana.

(cc) "Qualifying patient" means 1) a patient, eighteen (18) years old or older, with one or more qualifying medical conditions, or 2) a patient, under eighteen (18) years old, with one or more qualifying medical conditions who also has notarized written consent from a parent or legal guardian to use medical marijuana or medical marijuana-infused products, as well as verbal in person consent from a parent or legal guardian to an authorized physician writing the physician certification.

(dd) "Qualifying patient identification card" means a card issued by the Research Board for a qualifying patient with a valid physician certification.

(ee) "Research" means any and all research and development, also including but not limited to, teaching, training, studies, analysis, evaluations, and education that is, directly or indirectly, necessary, helpful or supportive to discovering, implementing, or finding cures, and studies for cures of illnesses and diseases that are presently incurable diseases and ancillary jobs, building and construction, research and education in Missouri in the endeavor to find cures for presently incurable diseases.

(ff) "Research Board" means the Board of the Biomedical Research and Drug Development Institute.

(gg) "Rule" or "Rules" has the meaning in this article as it does in Section 536.010 of RSMo. 18-001

(hh) "Secondary Campus" means Research Board discretionary secondary physical locations, including but not limited to building and construction of such secondary campuses that will operate in collaboration with any accredited medical or pharmacy school located within Missouri under this Article XIV, section 5, and used for jobs, building and construction, research, cures, and education in Missouri in the endeavor to find cures for presently incurable diseases under this Article XIV.

(ii) "Shall" means must in this Article XIV.

(jj) "Targeted Disease(s)" means any and all presently incurable diseases that are, or may be, specifically identified or singled out, or otherwise isolated, whether by type, sub-type, sub-sub-type, and to show by example: breast cancer, or interlobular breast cancer, or estrogen positive breast cancer, or estrogen negative interlobular breast cancer, or poorly differentiated estrogen positive interlobular breast cancer, etc.; or leukemia or chronic lymphocytic leukemia or acute lymphocytic leukemia, or acute lymphocytic leukemia with certain genetic markers, or chronic myelogenous leukemia, etc.; or Parkinson's disease, or early onset Parkinson's disease, etc.; or endogenous depression, or depression secondary to bipolar disorder, etc.

Section 3. Research Board and Duties.

(a) There is hereby created and established as a governmental instrumentality of the State of Missouri the "Biomedical Research and Drug Development Institute" which shall constitute a body corporate and politic and operate pursuant to this Article XIV. The Biomedical Research and Drug Development Institute shall exist on a campus established by building and construction on land acquired and land developed pursuant to this Article. On this Biomedical Research and Drug Development Institute campus research shall be performed in the endeavors to find cures for presently incurable diseases. The Biomedical Research and Drug Development Institute shall have located on its campus targeted disease research groups to further this research.

(b) "Biomedical Research and Drug Development Institute" shall be governed by the "Board of Biomedical Research and Drug Development" hereafter "Research Board".

(c) It is expressly directed and permitted that the "Biomedical Research and Drug Development Institute" and the "Research Board" shall not be assigned to any Missouri Department but rather shall be an independent institute existing and operating pursuant to this Article XIV under the direction of the Research Board.

(d) In the event Section 3 subsection (c) of this Article XIV is contrary to existing superseding constitutional law the "Biomedical Research and Drug Development Institute" and "Research Board" shall be transferred by operation of Article IV section 12 to a department, then they shall be assigned to the Department of Health and Senior Services with supervision of the department extending only to budgeting and reporting as provided by subdivisions (4) and (5) of subsection 6 of section 1 of the Reorganization Act of 1974. Supervision by the department shall not extend to matters relating to policies, regulatory functions or other matters specifically entrusted to the Research Board by this Article XIV, and neither the director of the department nor any employee of the department shall, directly or indirectly, interfere with the activities of the Research Board or the research provided by this Article XIV.

(e) The Research Board is charged by the people of the State of Missouri to effectuate this Article XIV, to find cures for currently incurable diseases, and to the extent reasonably practicable generate income pursuant to this Article XIV to the State of Missouri with such cures.

(f) It is the duty of the Research Board to promulgate rules in accordance with the provisions of this Article, and to effectuate the provisions of this Article. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this article shall become effective only if it complies with and is subject to all of the provisions of chapter 536 RSMo.

i. For purposes of only rule making and adjudicated cases, as defined in RSMo 536.010, the Research Board is an agency who is subject to chapter 536 RSMo, except;

ii. For purposes of adjudicated cases as defined in 536.010, the Research board is not subject to chapter 536 RSMo if it has established written procedures to assure that constitutionally required due process safeguards exist and apply to proceedings that would otherwise constitute a contested cases as defined in section 536.010 RSMo.

(g) Any member of a Board established by this Article XIV may be removed for cause by a vote of three fourths of both the Missouri House of Representatives and Senate, with the concurrence of the Governor.

(h) The Research Board shall issue, renew, regulate, restrict, and revoke licenses for marijuana facilities, including but not limited to Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused/Extraction Products Manufacturing Facilities, and Medical Marijuana Dispensary Facilities, and issue, renew, regulate, restrict, and revoke qualifying patient identification cards and designated primary caregiver cards.

(i) The Research Board shall issue rules for licensure of marijuana facilities, including but not limited to procedures for:

i. issuing, renewing, regulating, restricting and revoking licenses for Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused/Extraction Products Manufacturing Facilities, and Medical Marijuana Dispensary Facilities,

ii. the issuance, renewal, regulating, restricting and revocation of qualifying patient identification cards and designated primary caregiver identification cards, and

iii. the creation of a confidential qualifying patient, confidential cultivation location and confidential designated primary caregiver registry. Patients may be issued confidential patient identification numbers for purposes of identity protection and medical marijuana sales. The purpose of the regulations within this subsection is to ensure the availability and safe confidential use of marijuana by qualifying patients.

(j) The Research Board shall develop rules whereby the denial or revocation of a license, license renewal, identification card or other adverse action by the Research Board shall be:

i. appealable to the Administrative Hearing Commission and otherwise subject to judicial review as provided by law, or

ii. subject to Biomedical Research and Drug Development Institute established written procedures to assure that constitutionally required due process safeguards exist and apply to such a denial, revocation, or adverse action of the Research Board.

(k) The Research Board shall consist of nine members to be selected, as soon as practicable, by the Article XIV Coordinator as set forth in this Article XIV, one of whom shall be selected by the Article XIV Coordinator as Research Chairperson. The Article XIV Coordinator shall serve as Research Chairperson until the nine members are selected, at which time the Article XIV Coordinator is terminated from the Research Board. The members of the Board, other than the temporary "then existing Research Board" in section 3(t), selected by the Article XIV Coordinator shall serve the following terms: four shall serve three years, and five, including the Research Chairperson, shall serve six years. Thereafter, each appointment shall be for a term of six years. Upon conclusion of the Research Chairperson's first term, or vacancy, whichever comes first, the Research Board shall choose from within their members a Research Chairperson. If for any reason a vacancy occurs, the Research Chairperson shall appoint a new member to fill the unexpired term. Members are eligible for up to four reappointments. Although members of the Research Board and Article XIV Coordinator may hold other employment, no member of such Research Board shall hold any public office, and no member shall hold any official position in a political party.

i. It is expressly directed and permitted that the person who is designated on the initially submitted Initiative Petition Submission Cover Page to be the contact person to whom any notices shall be sent under sections 116.140 and 116.180 RSMo for the initiative petition filed for this Article XIV pursuant to RSMo 116.100 and 116.332, shall serve as the Article XIV Coordinator.

ii. If the person who is designated on the initially submitted Initiative Petition Submission Cover Page to be the contact person to whom any notices shall be sent under sections 116.140 and 116.180 RSMo for the initiative petition filed for this Article XIV pursuant to RSMo 116.100 and 116.332 for any reason does not serve as the Article XIV Coordinator the Governor shall appoint an individual who is both a licensed Missouri physician and licensed Missouri attorney, but if no such person is available or accepts the appointment, then any Missouri resident who also holds a Missouri license to practice medicine and a PhD in Biology, Chemistry, Biochemistry, Physics, Genetics, Anatomy or equivalent degree, from an accredited university that has been in existence at least fifty (50) years.

iii. The Article XIV Coordinator shall serve without compensation but shall receive reimbursement for expenses associated with the performance and delegation of duties pursuant to this Article XIV, and shall have two administrative assistants who shall each be paid out of the General Purpose Account at the rate of a Missouri State Representative, so long as there are funds available. If no funds are immediately available, the administrative assistants may serve with deferred compensation until funds are available and when funds become available the administrative assistants shall be paid the full compensation owed, as shall the expenses of the Article XIV Coordinator be reimbursed.

(l) Five members of the Research Board shall constitute a quorum. No vacancy in the membership of the Board shall impair the right of a quorum to exercise all the rights and perform all the duties of the Board. The Research Board may act only by the concurrence of a majority of a quorum, with such quorum meeting in person when practicable but by video teleconference or similar means when approved by a majority of the quorum. Failure to regularly and frequently participate in Board business shall be grounds for dismissal from the Board upon a vote of six members of the Board.

(m) The Research Board is hereby granted, has and may exercise all powers necessary or appropriate to implement, carry out, enforce and effectuate its purpose, and the purposes of this Article XIV including but not limited to the following:

i. To make, purchase or participate in the purchase of property;

ii. Adopt bylaws for the regulation of its affairs and the conduct or discharge of its business and define terms so as to reasonably and effectively carry out the purpose of this Article XIV;

iii To accept appropriations, gifts, grants, bequests, and devises and to utilize or dispose of the same to carry out its purpose;

iv. To make and execute contracts, releases, compromises, and other instruments necessary or convenient for the exercise of its powers, or to carry out its purpose;

v. To sue and be sued;

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vi. To have a seal and alter the same at will;

vii. To make, promulgate and from time to time, amend and repeal rules;

viii. To perform all administrative duties necessary or that reasonably assist in the discharge and conduct of its business as defined in this Article, including, but not limited to, the formation of committees and subcommittees and the delegation of its authority, to the extent permitted by law, to such committees and subcommittees.

ix. To form advisory panels of licensed cultivators, infusers/extractors, and dispensaries;

x. To acquire, hold, lease, sell and dispose of personal property for its purpose;

xi. To sell, at public or private sale, any mortgage, negotiable instrument or obligation securing building and construction or land development;

xii. To enter into agreements or other transactions with any federal or state agency, international entity, any person or any domestic or foreign partnership, corporation, association or organization;

xiii. To acquire real property, or an interest therein, in its own name, to hold, not sell, and may lease for up to 100 years and one option to renew up to another 100 years such property to a tenant to develop, for building and construction, and to manage and operate such property, to enter into management contracts with respect to such property and to mortgage such property;

xiv. To procure insurance against any loss in connection with its property in such amounts, and from such insurers, as may be necessary or desirable;

xv. To develop a retirement or pension plan for employees, staff and board members working for the Research Board or the Biomedical Research and Drug Development Institute;

xvi. To issue and sell revenue bonds to fund any purpose authorized by this Article. Any bonds issued under the provisions of this Article shall not be deemed to be an indebtedness of the State of Missouri or of any political subdivision thereof, and shall not be deemed to be an indebtedness within the meaning of any constitutional or statutory limitation upon the incurring of indebtedness. The proceeds of the sale or sales of any bonds issued hereunder shall be paid into the state treasury and be credited to a fund to be designated the "Biomedical Research and Drug Development Institute Trust Fund". The bonds shall be retired serially and by installments within a period not to exceed twenty-five years from their date of issue and shall bear interest at a rate or rates not exceeding the rate permitted by law.

(n) The Research Board shall charge fees for each applicant for each license to operate a Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility or Medical Marijuana-Infused/Extraction Products Manufacturing Facility as follows: 1. Except for Medical Marijuana Research Cultivation Facilities, a non-refundable $25,000 application fee for each type of facility which shall constitute the licensure fee for the first year of licensure; 2. For Medical Marijuana Research Cultivation Facilities a non-refundable $5,000 application fee which shall constitute the licensure fee for the first year of licensure and, in addition 3. For each type of facility in each subsequent licensure year, a fee equal to 125% of the pro-rata estimated average yearly cost to the Research Board of administrating and enforcing this Article XIV application and licensing process, estimated over a five (5) year period, divided equally among all applicants based on the yearly estimated number of applicants for such licenses over the same five (5) year period, as reasonably estimated by the Research Board.

(o) The Research Board shall set a limit on the amount of marijuana that may be purchased per month, provided that limit is not less than three (3) ounces every thirty (30) days of dried unprocessed marijuana or its extract equivalent as reasonably determined by the Research Board. A requested waiver of any such limit may be reviewed by the Research Board for a qualifying patient with written certification from two physicians, not of the same clinic, setting forth compelling reasons for additional amounts requested.

(p) The Research Board shall restrict the number of licenses granted for Medical Marijuana-Infused/Extraction Products Manufacturing Facilities within the state of Missouri to a total of not less than fifty (50) licenses. Upon the written request of a local government to the Research Board for an exception to increase the specific number of available licenses within that local government, above the restriction, such exception for a specific number of licenses may be granted by the Research Board for such licenses. Alternatively, upon the written request of local government for an exception to exclude local government from Medical Marijuana-Infused/Extraction Products Manufacturing Facilities, the Research Board may provide such a requesting local government a five (5) year exclusion, which thereafter may be reconsidered by the Research Board for renewal every five (5) years if the local government has placed the matter to a vote of the local government population and such vote resulted in a majority vote for a continued ban upon infused/extraction products facilities.

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(q) The Research Board shall restrict the number of licenses granted for Medical Marijuana Dispensary Facilities within each county or city not within a county to two (2) for every twenty thousand (20,000) inhabitants. If a county or city not within a county has fewer than twenty thousand (20,000) inhabitants, the Research Board may restrict the number of licenses granted for Medical Marijuana Dispensary Facilities to two (2). Upon the written request of a local government to the Research Board for an exception to increase the specific number of available licenses within that local government, above the restriction, such exception for a specific number of licenses may be granted by the Research Board for such licenses. Alternatively, upon the written request of a local government for an exception to exclude local government from Medical Marijuana Dispensary Facilities, the Research Board may provide such a requesting local government a five (5) year exclusion, which thereafter may be reconsidered by the Research Board for renewal every five (5) years if the local government has placed the matter to a vote of the local government population and such vote resulted in a majority vote for a continued ban upon dispensaries.

(r) The Research Board may restrict the number of licenses granted for Medical Marijuana Cultivation Facilities within the state of Missouri to a total of not less than fifty (50) licenses, and the number of Medical Marijuana Research Cultivation facilities to a total of not less than four hundred (400) licenses. If the number of licenses is restricted by the Research Board, upon the written request of a local government to the Research Board for an exception to increase the specific number of available licenses within that local government, above the restriction, such exception for a specific number of licenses may be granted by the Research Board for such licenses. Alternatively, upon the written request of a local government for an exception to exclude local government from Medical Marijuana Cultivation Facilities and Medical Marijuana Research Cultivation Facilities, the Research Board may provide such a requesting local government a five (5) year exclusion, which thereafter may be reconsidered by the Research Board for renewal every five (5) years if the local government has placed the matter to a vote of the local government population and such vote resulted in a majority vote for a continued ban upon cultivation.

(s) The initial nine members of the Research Board shall have their compensation set as the annual salary received by the Missouri Supreme Court Chief Justice. Thereafter, for new members of the Board, the compensation shall be an amount agreed upon by at least one half of the Research Board, and approved by the Governor, but not less than the annual salary received by the Missouri Supreme Court Chief Justice. Upon further years of service, the compensation shall be increased every three years by the greater of a cost of living increase based upon the Consumer Price Index (CPI), or successor index as published by the U.S. Board of Labor or its successor agency, or at a raised amount agreed upon unanimously by the Research Board and approved by the Governor.

(t) A nonpartisan scientific nominating committee, hereafter nonpartisan commission, of five (5) individuals shall review applications, interview candidates and for each vacancy in the Research Board and shall select a panel of four (4) individuals from which the Research Chairperson shall appoint as member(s) of the Research Board. The five individuals on the nonpartisan commission members shall be elected from the combined pool of licensed Missouri physicians and pharmacists as set out in this subsection (t). Residents of the State of Missouri who are licensed Missouri physicians or licensed Missouri pharmacists and living in the State of Missouri at least six (6) months over the twelve (12) months before the election in this subsection (t) shall elect a grand total of five individuals from the combined pool of licensed Missouri physicians and pharmacists to serve as members of said nonpartisan commission. Each member shall serve four (4) year terms except that from the initial election of members of the nonpartisan commission, the three (3) with the lowest number of votes shall be elected to two (2) year terms, and the other two (2) members which shall be elected to a four (4) year term, and the members of the nonpartisan commission shall select one of their number to serve as chairperson. No member of the nonpartisan commission shall hold any public office, and no member shall hold any official position in a political party. The nonpartisan commission may act only by the concurrence of a majority of its members. The members of such nonpartisan commission shall receive a salary equal to that of an elected state senator as compensation for their services and they shall receive their necessary traveling and other expenses incurred while actually engaged in the discharge of their official duties. Except as provided otherwise in this Article XIV, any and all such nonpartisan commissions shall be governed, and all nonpartisan commission elections provided for under this section shall be held by, and regulated under, such rules as a panel of three retired Missouri judges appointed by the Research Chairperson, or Article XIV Coordinator prior to the Research Chairperson, shall promulgate. Said rules shall be presented to the Research Chairperson who shall file such rules with the secretary of state on behalf of the Research Board within twenty-one (21) days of receiving them from the three judge panel. The three judge panel shall be compensated the standard rate of retired senior judges paid out of the General Purpose Account during the weeks in which they perform work. Pending selection and appointment that will fill the Research Board, the Article XIV Coordinator shall appoint four (4) temporary acting members and the Governor shall appoint four (4) temporary acting members who together with the Article XIV Coordinator shall be the "then existing Research Board" and shall have the power and duties of the Research Board until such member positions are otherwise filled pursuant to this Article. Those temporary members shall serve at the same rate as Research Board members so long as there are funds available. If no funds are immediately available, the members may serve with deferred compensation until funds are available and when funds become available the members shall be paid for time served from appointment, and for their reasonable expenses incurred to effectuate their duties.

(u) Applications for vacancies in the Research Board are permitted by any licensed physician or licensed pharmacist residing in the State of Missouri for at least three years prior to their application who also holds a PhD in Biology, Chemistry, Biochemistry, Physics, Genetics, Anatomy, Biomedical Engineering, Neuroscience, a Juris Degree, or equivalent degree who may submit an application to the nonpartisan commission for consideration. Additionally, any citizen of the United States, or Nobel Laureate in the field of medicine or science with permanent residence in the United States, who also holds a PhD in Biology, Chemistry, Biochemistry, Physics, Genetics, Anatomy, Biomedical engineering, Neuroscience, a Juris Degree, or equivalent degree, from an accredited university that has been in existence at least fifty (50) years, upon nomination of a Dean of the School of Medicine of the University of Missouri – Columbia, Kansas City, St. Louis, St. Louis University, or Washington University in St. Louis, or upon nomination of a member of the Missouri State Senate may submit their application to the nonpartisan commission for consideration.

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(v) The Research Board shall establish targeted diseases research groups, hereafter research groups, aimed at research, finding cures, and endeavors for fighting specific targeted diseases consistent with the purpose of the charge of this Article XIV. Specific targeted diseases shall be identified by the Research Board, and such targeted diseases may be identified for receiving segregated donations and contributions before and after the targeted disease research group is established. Research groups shall be governed by a panel of not less than three (3) individuals and not more than seven (7), chosen by the Research Board, who shall oversee, supervise, steer, and regulate the group's research to find cures. Individuals on the Research Board may sit on up to four (4) targeted disease group governing panels. Research group panel members, except for Research Board members who shall receive no additional compensation, shall have their compensation set as the annual salary determined by the Research Board, but in no event less than 70% of the annual compensation of the Missouri Supreme Court Chief Justice. When a targeted disease group governing panel includes five (5) or more members, up to two (2) of those members may be non-compensated non-voting advisory members of a 501c3 charitable organization(s) that has demonstrated a commitment, as determined by the Research Board, to finding a cure for the targeted disease.

(w) Members of the Research Board, except as allowed under this Article XIV shall not enter into any financial or business relationships with an entity that profits from medical research or medications and therapies to treat incurable disease under this Article XIV, other than in an accredited university faculty position, during the member's tenure on the Research Board, and for a period of two (2) years after that member's tenure on the Research Board ends, nor may a Research Board member ever steer research to or toward a particular direction or activity with the purpose of helping a private company for personal or for family financial gain, either directly or indirectly. Nothing in this subsection shall prohibit or prejudice a board member or Article XIV Coordinator from entering into any employment, financial or business relationship so long as such does not steer or influence Article XIV research toward a particular company nor toward a result/outcome for personal financial gain.

(x) The monies, including but not limited to all revenues and taxes generated, obtained and distributed under this Article XIV, and all other monies generated, obtained, and distributed under this Article XIV shall not be included within the definition of "total state revenues" as that term is used in section 17 of Article X of this constitution nor be considered as an "expense of state government" as that term is used in section 20 of article X of this constitution.

(y) The Research Board shall establish a public website for transmission and receipt of information to and from the public.

(z) Within ninety (90) days of the effective date of this Article XIV if practicable, but in no event shall the time exceed six (6) months after the effective date of this Article XIV, the Research Board shall make available to the public license application forms and application instructions for Medical Marijuana Cultivation Facilities, Medical Marijuana Research Cultivation Facilities, Medical Marijuana Dispensary Facilities, and Medical Marijuana-Infused/Extraction Products Manufacturing Facilities.

(aa) Within ninety (90) days of the effective date of this Article XIV if practicable, but in no event shall the time exceed six (6) months after the effective date of this Article XIV, the Research Board shall make available to the public application forms and application instructions for qualifying patient and primary caregiver identification cards. Within one hundred and twenty (120) days of the effective date of this Article XIV, if practicable, but in no event more than eight (8) months after the effective date of this Article XIV, the Research Board shall begin accepting applications for such identification.

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Section 4. Licensure, Taxation and Reporting.

(a) A cultivation tax is hereby imposed on each wholesale sale in Missouri by a Medical Marijuana Cultivation Facility and Medical Marijuana Research Cultivation Facility to a Medical Marijuana-Infused/Extraction Products Manufacturing Facility, and a Medical Marijuana Cultivation Facility and Medical Marijuana Research Cultivation Facility to a Medical Marijuana Dispensary Facility, at a rate for marijuana flowers of nine dollars and twenty five cents ($9.25) per dry-weight ounce, and the tax rate for marijuana leaves shall be set at two dollars and seventy five cents ($2.75) per dry-weight ounce, with such rate to be increased or decreased each year by the percentage of increase or decrease of the Consumer Price Index (CPI), or successor index as published by the U.S. Board of Labor or its successor agency.

i. For all wholesale sales of marijuana, a receipt must be given by the seller which identifies all the parties involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations and grand total sale amounts.

(b) A tax is hereby imposed on each retail sale in Missouri of Marijuana and Marijuana Infused/Extraction products by a Medical Marijuana Dispensary Facility at a rate of fifteen percent (15%) of the purchase price paid or charged, or in case such sale involves the exchange of property, to fifteen percent (15%) of the consideration paid or charged, including the fair market value of the property exchanged at the time and place of the exchange.

i. The tax must be collected by the Medical Marijuana Dispensary Facility and paid to the Department of Revenue within thirty (30) days of the retail sale.

ii. For all retail sales of marijuana, a receipt must be given by the seller which identifies all the parties involved in the sale, all amounts and types of marijuana involved in the sale and the total amount of money involved in the sale, including itemizations and grand total sale amounts. The seller of the product must issue a copy of the receipt to the Department of Revenue or be subject to an automatic penalty up to $100 per-occurrence; failure to submit such receipts may further subject a seller to prohibition on obtaining a future license for Medical Marijuana Cultivation, a Medical Marijuana Dispensary Facility, or a Medical Marijuana-Infused/Extraction Products Manufacturing Facility, for a minimum of 30 days to a maximum of life, and if a non-human entity a maximum of forever.

(c) Subject to the limitations within this Article a person who is a Missouri resident for three or more years, or entity that is registered to do business in the State of Missouri and owned at least seventy percent (70%) or more by three year or longer duration Missouri residents, may apply for and obtain from the Research Board a license to operate a Medical Marijuana Cultivation Facility or Medical Marijuana Research Cultivation Facility in Missouri.

i. Such person or entity may apply to the Research Board for and obtain:

a. A yearly Medical Marijuana Cultivation Facility license to grow marijuana. Each such license shall be valid for growing marijuana in up to twenty thousand (20,000) square feet of plant canopy. Each such license shall be taxed at an initial rate of $25,000 for the first year per license (which must be by money order, cashier's check, or other means as determined by the Research Board and accompany the application and will be returned if the application is unsuccessful) and then annually at $15,000 per license upon renewal; or

b. A yearly Medical Marijuana Research Cultivation Facility license to grow marijuana. Each such license shall be valid for growing marijuana in up to two thousand five hundred (2,500) square feet of plant canopy. Each such license shall be taxed at an initial rate of $10,000 for the first year per license (which must be by money order, cashier's check, or other means as determined by the Research Board and accompany the application and will be returned if the application is unsuccessful) and then annually at $5,000 per license upon renewal.

c. Such licenses may be renewed each year, and rates for both licenses may be increased or decreased each year by the percentage of increase or decrease of the Consumer Price Index (CPI), or successor index as published by the U.S. Board of Labor or its successor agency.

d. No more than three Medical Marijuana Cultivation Facility licenses shall be issued to or possessed by any individual, group of individuals, or entity(s) under substantially common control, ownership, or management, whether directly, indirectly or by derivative.

e. No more than five Medical Marijuana Research Cultivation Facility licenses shall be issued to or possessed by any individual, group of individuals, or entity(s) under substantially common control, ownership, or management, whether directly, indirectly or by derivative.

ii. When there are more applications for licenses than are available, except as stated in 4(c)ii.a. of this subsection immediately below, licenses shall be on the basis of competitive bids (such bids must be by money order, cashier's check, or other means as determined by the Research Board, and accompany the application and will be returned if the bid is unsuccessful), with licenses awarded to the highest bidder. Such bids shall be made in a manner prescribed by the Research Board to avoid disclosure of bid amounts to competing bidders during the bidding process.

a. The Research Board may set aside up to 50% of the Medical Marijuana Cultivation Facility licenses and 50% of the Medical Marijuana Research Cultivation Facility licenses to be awarded based upon a ranking using the following factors: site security, including capacity for ease of cultivation, experience with understanding the medicine and law surrounding the cultivation and use of medical marijuana, experience with agriculture, horticulture, health care and the cannabis market, and sufficient available capital to maximize probable success; acceptance in the site community; business plan for

Medical Marijuana Cultivation Facility licenses and business plan plus research plan for Medical Marijuana Research Cultivation Facility licenses; potential for positive economic impact in the site community and maintaining competitiveness in the marijuana for medical use marketplace. In ranking applicants and awarding licenses, the Research Board may consult with or contract other public agencies with relevant expertise regarding these factors. The Research Board may lift or ease any limit on the number Medical Marijuana Cultivation Facilities and Medical Marijuana Research Cultivation Facilities to meet the demand for medical marijuana by qualifying patients and research. 18-001

iii. Marijuana must be grown indoors in an enclosed, locked facility: a room, warehouse or greenhouse, or other enclosed area equipped with locks or other security devices that permit access only by authorized personnel, meeting the Research Board standards and industry standards for safety and safe use of electricity.

iv. Upon request to the Research Board, state institutions of higher education governed by sections 174.020 to 174.500 Revised Statutes of Missouri and chapter 172 Revised Statutes of Missouri shall be granted, without charge, up to one (1) medical marijuana research cultivation facility license per institution per year to grow marijuana.

v. Upon request to the Research Board by an entity operating under authority of section 10 of this Article XIV, the Research Board may grant, without charge, up to one (1) medical marijuana research cultivation facility license to a total of no more than ten (10) such entities for purposes of researching the benefits of medical marijuana for various presently incurable diseases.

vi. Initial applications for licenses shall be accepted beginning no more than seven (7) months after passage of this Article. The initial application period shall remain open for ninety (90) days.

vi. After the initial application period, when one or more licenses become available, the opening shall be published on the Research Board's website for ninety (90) days, at the close of which an additional application period of ninety (90) days shall immediately commence.

(d) Subject to the limitations within this Article a person who is a Missouri resident for three or more years, or entity that is registered to do business in the State of Missouri and owned at least seventy percent (70%) or more by three year or longer duration Missouri residents, may apply for and obtain a license to operate a Medical Marijuana Dispensary Facility in Missouri. Such person or entity may apply to the Research Board for and obtain a yearly Medical Marijuana Dispensary Facility license to sell marijuana or marijuana-infused/extraction products for medical use within a county or city not within a county. Each such license shall be taxed at an initial rate of $25,000 for the first year per license (which must be by money order, cashier's check, or other means as determined by the Research Board and accompany the application and will be returned if the application is unsuccessful) and then annually at $10,000 per license upon renewal, with such rates to be increased or decreased each year by the percentage of increase or decrease of the Consumer Price Index (CPI), or successor index as published by the U.S. Research Board of Labor or its successor agency.

i. No more than five (5) Medical Marijuana Dispensary Facility licenses shall be issued to or possessed by any one individual, group of individuals, or entity(s) under substantially common control, ownership, or management, whether directly, indirectly or by derivative, nor shall such one individual, group of individuals, or entity ever possess more than fifty percent (50%) of the licenses for a given county or city not within a county.

ii. When there are more applications for licenses than are available, in total or for particular locations, except as stated in 4(d)ii.a, licenses shall be on the basis of a three prong test established by the board, 1) knowledge of pharmacy and ability to have a pharmacist available for consultation to qualifying patients purchasing marijuana, 2) knowledge of medicine and medical research, and 3) competitive bids (such bids must be by money order, cashier's check, or other means as determined by the Research Board, and accompany the application and will be returned if the bid is unsuccessful), with licenses awarded to the individual, individuals or entities with the highest score. Such bids shall be made in a manner prescribed by the Research Board to avoid disclosure of bid amounts to competing bidders during the bidding process.

a. The Research Board may set aside up to 50% of the Medical Marijuana Dispensary Facility licenses to be awarded based upon a ranking using the following factors: knowledge of pharmacy, knowledge of neuroscience and marijuana interactions, site security, experience with understanding the medicine and law surrounding the use of medical marijuana, experience with retail pharmacy, health care and the cannabis market, business plan, and sufficient available capital to maximize probable success; acceptance in the site community; potential for positive economic impact in the site community and maintaining competitiveness in the marijuana for medical use marketplace. In ranking applicants and awarding licenses, the Research Board may consult with or contract other public agencies with relevant expertise regarding these factors.

iii. Initial applications for licenses shall be accepted beginning no more than seven (7) months after passage of this Article. The initial application period shall remain open for ninety (90) days.

iv. After the initial application period, when one or more licenses become available, the opening shall be published on the Research Board's website for ninety (90) days, at the close of which an additional application period of ninety (90) days shall immediately commence.

(e) Subject to the limitations within this Article a person who is a Missouri resident for three or more years, or entity that is registered to do business in the State of Missouri and owned at least seventy percent (70%) or more by three year or longer duration Missouri residents, may apply for and operate a Medical Marijuana-Infused/Extraction Products Manufacturing Facility in Missouri. Such person or entity may apply to the Research Board for and obtain a yearly Medical Marijuana-Infused/Extraction Manufacturing Products Facility

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a license to buy marijuana from Medical Marijuana Cultivation Facility or Medical Marijuana Research Cultivation Facility and sell medical marijuana-infused/extracted products to a Medical Marijuana Dispensary Facility. Each such license shall be taxed at an initial rate of $20,000 for the first year per license (which must be by money order, cashier's check, or other means as determined by the Research Board and accompany the application and will be returned if the application is unsuccessful) and then annually at $10,000 per license upon renewal, with such rates to be increased or decreased each year by the percentage of increase or decrease of the Consumer Price Index (CPI), or successor index as published by the U.S. Research Board of Labor or its successor agency.

i. No more than five (5) Medical Marijuana-Infused/Extraction Products Manufacturing Facility licenses shall be issued to or possessed by any one individual, group of individuals, or entity(s) under substantially common control, ownership, or management, whether directly, indirectly or by derivative, nor shall such one individual, group of individuals, or entity ever possess more than fifty percent (50%) of the licenses for a given county or city not within a county.

ii. When there are more applications for licenses than are available, except as stated in 4(e)ii.a, licenses shall be on the basis of competitive bids (such bids must be by money order, cashier's check, or other means as determined by the Research Board, and accompany the application and will be returned if the bid is unsuccessful), with licenses awarded to the highest bidder. Such bids shall be made in a manner prescribed by the Research Board to avoid disclosure of bid amounts to competing bidders during the bidding process.

a. The Research Board may set aside up to 50% of the Medical Marijuana Dispensary Facility licenses to be awarded based upon a ranking using the following factors: site security, experience with understanding the medicine and law surrounding the use of medical marijuana, experience with retail pharmacy, health care and the cannabis market, business plan, and sufficient available capital to maximize probable success; acceptance in the site community; potential for positive economic impact in the site community and maintaining competitiveness in the marijuana for medical use marketplace. In ranking applicants and awarding licenses, the Research Board may consult with or contract other public agencies with relevant expertise regarding these factors.

iii. Initial applications for licenses shall be accepted beginning no more than seven (7) months after passage of this Article. The initial application period shall remain open for ninety (90) days.

iv. After the initial application period, when one or more licenses become available, the opening shall be published on the Research Board's website for ninety (90) days, at the close of which an additional application period of ninety (90) days shall immediately commence.

(f) A qualifying patient must obtain annually a qualifying patient identification card from the Research Board and shall be taxed at an annual rate of $100 per issuance, with such rate to be increased or decreased each year by the percentage of increase or decrease of the Consumer Price Index (CPI), or successor index as published by the U.S. Board of Labor or its successor agency. Upon application for a qualifying patient identification card, the Research Board must, within thirty (30) days, provide either the card or a written explanation for its denial of the card. It shall not be grounds for denial that use of medical marijuana is not approved under federal law.

(g) A designated primary caregiver must obtain annually a designated primary caregiver identification card from the Research Board for each designated qualifying patient and shall be taxed at an annual rate of $100 per issuance, with such rate to be increased or decreased each year by the percentage of increase or decrease of the Consumer Price Index (CPI), or successor index as published by the U.S. Board of Labor or its successor agency. Upon application for a designated primary caregiver identification card, the Research Board must, within thirty (30) days, provide either the card or a written explanation for its denial of the card. It shall not be grounds for denial that use of medical marijuana is not approved under federal law.

(h) Marijuana in Missouri for retail sale may only be sold by a licensed Medical Marijuana Dispensary Facility.

(i) No Medical Marijuana Cultivation Facility, Medical Marijuana Dispensary Facility, or Medical Marijuana-Infused/Extraction Products Manufacturing Facility shall assign, sell, give, lease, sublease, or otherwise transfer its license to any other individual or entity for at least five (5) years from the time of the initial application by the licensee, and then not without the express consent of the Research Board, not to be unreasonably withheld. Licenses are transferable upon death by will or inheritance.

(j) No taxes or fees shall be imposed on the sale of medical marijuana except as provided in this Article.

(k) In event subsection (j) of this section 4, immediately above, is found unconstitutional, the taxes imposed pursuant to this section are separate from and in addition to any general state and local sales and use taxes that apply to retail sales of tangible personal property.

(l) All revenues collected from the taxes imposed on the sale of marijuana pursuant to this section must be deposited in the Biomedical Research and Drug Development Institute Trust Fund. All revenues and taxes collected from the issuance of licenses to Medical Marijuana Cultivation Facilities, Medical Marijuana Research Cultivation Facilities, Medical Marijuana-Infused/Extraction Products Manufacturing Facilities, and Medical Marijuana Dispensary Facilities, except as provided elsewhere in this Article XIV, must likewise be deposited in the Biomedical Research and Drug Development Institute Trust Fund.

Section 5. Trust Fund

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(a) The "Biomedical Research and Drug Development Institute Trust Fund" is hereby established in the state treasury. Within the Biomedical Research and Drug Development Institute Trust Fund shall be the following accounts which include but are not necessarily limited to:

i. General Purpose Account;
ii. Land Acquisition Account;
iii. Targeted Diseases Account and its sub-accounts; and
iv. Section 10 Account.

(b) Except for repayment of bonds under this Section 5, subsection b, which shall be paid first, at the conclusion of each fiscal year, the state treasurer shall allocate all monies in the Biomedical Research and Drug Development Institute Trust Fund that are not otherwise in an account to the Research Board for disbursement and investment as directed in this section. During the first five (5) years, the monies shall be deposited 50% into the General Purpose Account, 25% into the Land Acquisition Account and 25% into the targeted disease account. Thereafter the Research Board shall direct the percentage of money to be deposited into each account. Monies deposited in the fund shall include but are not limited to the designated funds received from sections 4, 5 and 10 of Article XIV, money transferred from the Research Board and any other amounts which may be received from grants, gifts, devises, bequests, contributions, donations, and money from contracts, from the state or federal government, derivative of intellectual property rights, or any other source. Monies in the fund shall be used solely for the purposes established by this Article XIV.

(c) Monies deposited into the General Purpose Account shall be used for research, presently incurable diseases, targeted diseases, building and construction, the campus, cures, endeavors, jobs, payment and compensation for jobs, administrative expenses, and education in Missouri pursuant to the performed pursuant to this Article XIV. Up to 10% of the annual General Purpose Account may be allocated by the Board to various universities in the State of Missouri with accredited medical or pharmacy schools, or currently existing at the time of passage of this Article XIV independently accredited medical or pharmacy schools within the State of Missouri, for collaborative efforts pursuant to section 10 of Article XIV, and to the development of secondary campuses in Missouri at these in-state universities with accredited medical schools and pharmacy schools, plus up to a further 5% annually maybe allocated for research purposes to various such universities who have developed, or have in the past 12 months before passage of this Article XIV been actively taking steps to develop, including but not limited to providing classes that will count as credit for, graduate programs in biomedical engineering and neuroscience. Additionally, up to 10% more of the General Purpose Account may be allocated by the Research Board to various joint collaborative in-Missouri/non-Missouri research efforts pursuant to section 10 of Article XIV, and up to 2% more of the General Purpose Account may be allocated by the Research Board as grants to Missouri local law enforcement agencies to assist with costs associated with medical marijuana law enforcement and safety.

(d) Monies deposited into the Land Acquisition Account shall be used for Land Acquisition and Land Development. The Land Acquisition Account may receive specific designated grants, gifts, devises, bequests, contributions, donations, and money from contracts, from the state or federal government, derivative of intellectual property rights, or any other source, and such specific designated monies shall be segregated for the Land Acquisition and Land Development, not commingled with other money.

(e) Monies deposited into the Targeted Diseases Account shall be used for research performed by targeted disease research groups, targeted diseases research building and construction, targeted disease research jobs, ancillary activities of the research groups and for support of the research of targeted diseases research groups as set forth in this Article XIV. Individual targeted diseases groups may receive specific designated grants, gifts, bequests, contributions, donations, and money from contracts, from the state or federal government, derivative of intellectual property rights, or any other source, and such specific designated monies shall be segregated into targeted disease sub accounts for that individual targeted disease group, not commingled with other money, and shall be used only for the purposes of that research group.

(f) Except where specifically stated otherwise, all administrative costs, expenses, jobs and compensation for duties performed and incurred under this Article XIV and by the Research Board shall be paid from the General Purpose Account of this fund.

(g) The unexpended balance existing in the fund and any of its accounts at the end of any biennium year shall be exempt from the provisions of section 33.080 relating to the transfer of unexpended balances to the general revenue fund.

(h) All monies deposited in the Biomedical Research and Drug Development Institute Trust Fund and its accounts shall remain separate and apart from the general revenue of the State of Missouri and shall be used only for the purposes of this Article XIV. Monies in the Biomedical Research and Drug Development Institute Trust Fund shall be first used to repay bonds and any other form of indebtedness, if any, issued by the Board for the purposes authorized by Article XIV. The unexpended balances of such monies shall remain in the Biomedical Research and Drug Development Institute Trust Fund and in the particular account in which the monies are placed, and such balances shall not revert to the general revenue fund.

(i) To maintain transparency, each year the Research Board shall publish the itemized income and expenses from the fund and its accounts in a report made available on the Research Board's website using general accepted accounting principles.

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Section 6. Land Acquisition.

(a) It is expressly directed and permitted that within the Research Board shall be established a subcommittee known as the Land Acquisition Board. Such subcommittee members shall not receive any additional pay. The Land Acquisition Board shall consist of five individuals, four members of the Research Board selected by the Article XIV Coordinator and the fifth member being the Article XIV Coordinator. The members of the Land Acquisition Board selected by the Article XIV Coordinator shall serve the following initial terms: one shall serve two years, one shall serve three years, and two shall serve four years. Thereafter, each appointment shall be for a term of four years. If for any reason a vacancy occurs, the Article XIV Coordinator shall appoint a new member from within the Research Board to fill the unexpired term. Members are eligible for reappointment. Before the appointments by way of the nonpartisan commission that will fill the Research Board and then in turn the Land Acquisition Board, the Article XIV Coordinator shall appoint four temporary members of the Land Acquisition Board, who may or may not be members of the then existing Research Board, who together shall be the "then existing Land Acquisition Board" and shall have the power and duties of the Land Acquisition Board. Those temporary members shall serve at the same rate as Research Board members so long as there are funds available. If no funds are immediately available, the members may serve with deferred compensation until funds are available and when funds become available the members shall be paid for time served from appointment, and reasonable expenses incurred to effectuate their duties.

(b) The Land Acquisition Board shall make investigations, inquiries, studies and review data to identify no more than five but no less than three potential locations for land development and Land Acquisition and for a campus.

(c) The Land Acquisition Board shall have the authority to promulgate any necessary and supportive rules, regulations and procedures to fulfill its duties and authorized activities under this Article XIV, by and through the Research Board.

(d) The Land Acquisition Board shall report an overview of activities and status of the Land Acquisition Board to the Research Board no less than once every one hundred and twenty days.

(e) No earlier than one year after the Land Acquisition Board is formed, and no later than four years after it is formed, the Land Acquisition Board shall submit a report of final proposed locations for a campus and designated on maps for each proposed location. Such maps shall be drawn, by lines of longitude and latitude or by use of historical boundaries such as state lines, rivers, long standing thoroughfares, and county or city boundaries. The final dimensions and geographic inclusions of the land for campus development, which shall at a minimum include the inner one contiguous square mile, layered by additional increments at two, four, nine, sixteen, twenty five and thirty six contiguous square miles, with thirty six being the maximum that could be purchased pursuant to this Article XIV for campus development, will be determined by the Land Acquisition Board. The proposed locations of the campus and maps must be approved by 2/3 of the Research Board, or if the Research Board is not yet formed then by a unanimous vote of the then-existing Research Board members and the consent of the Governor.

(f) Upon approval pursuant to section 6 subsection (e) in the next general election more than 6 months after the section 6 subsection (e) approval occurs, voters of the affected county or counties, shall have a "yes" or "no" vote on whether they desire to allow the land to be acquired and the campus developed, along with its building and construction and Article XIV activities, on the proposed location that is within their respective county. Maps that include more than one county shall be designated a multi-county map, and the votes of all affected counties within the multi-county map shall be counted as though one county.

(g) The proposed campus location county which receives the most votes by percentage of votes cast, in the respective proposed campus location counties, shall be the approved campus development site.

(h) The question presented to voters pursuant to Section 6, subsection (f) shall be in the following format:

> Shall a campus for research, development, building and construction, jobs, cures and education in Missouri for endeavors to find cures for incurable diseases, and all that entails under Article XIV of the Missouri Constitution, be built on the proposed campus development site that includes the county in which I live and will result in land, in and around the vicinity set forth on the Biomedical Research and Drug Development Institute Map below, being affected, and/or purchased from the landowners:
>
> Yes _____ No
>
> [map here]

The amount to be acquired shall be a minimum of one square mile of contiguous property, but otherwise limited only by purchasing funds to a maximum of thirty six contiguous square miles.

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(i) As funds become available, the Land Acquisition Board shall have authority to negotiate, acquire, and purchase property for the research campus. The Land Acquisition Board may use any and all legal means to acquire and purchase such property for the campus.

(j) The amount to be acquired for the campus shall be a minimum of one square mile of contiguous property, but otherwise limited only by purchasing funds to a maximum of thirty six square miles of contiguous property. The final dimensions and geographic inclusions of the land for campus development, which shall at a minimum include the inner one contiguous square mile, will be determined by the Land Acquisition Board.

(k) The Land Acquisition Board shall begin acquiring land by purchasing land, as outlined in this section of Article XIV, six (6) months after the general election referenced in section 6(f), takes place, or as soon thereafter as practicable. The purchasing shall proceed in a manner consistent with reasonable campus development.

(l) Clerical, research and general administrative support staff for the Land Acquisition Board shall be provided wages or salaries by the Land Acquisition Account. The Research Board, and the then existing Land Acquisition Board members until the Research Board members are all appointed and fill the Land Acquisition Board, shall have the authority to employ, hire, fire and set wages for all clerical, research and general administrative support staff for the Land Acquisition Board and to fulfill its functions under this Article XIV.

(m) The Land Acquisition Board, until the board is terminated and its powers and duties then transferred to the Research Board, may establish a land use plan and set aside up to twenty five percent of the acquired land for enterprise zones, housing and parks and recreational activities within the campus. Such land, at the Research Board's discretion, may be leased but not purchased from the Research Board.

(n) By unanimous vote of the Land Acquisition Board, upon the final payment for land made, or on January 1, 2028, whichever occurs first, the Land Acquisition Board shall terminate and all powers and duties shall transfer to the Research Board, including but not limited to all those powers and duties under this section 6.

Section 7. Immunities.

(a) Upon passage of this Article XIV, and beginning with its effective date, the use of medical marijuana by a qualifying patient with a valid physician certification shall not be subject to criminal or civil liability or sanctions under Missouri law, except as provided for by this Article XIV. Pending rules for, and issuance of, Qualifying Patient Identification Cards, the use of medical marijuana by a qualifying patient with a valid Physician Certification only, shall be valid in place of the Qualifying Patient Identification Card.

(b) A Medical Marijuana Dispensary Facility may sell medical marijuana or medical marijuana-infused products/extractions to a qualifying patient or designated primary caregiver upon production of a valid qualifying patient identification card or designated primary caregiver identification card, respectively and shall not be subject to criminal or civil liability or sanctions under Missouri law except as provided for by this Article XIV.

(c) Medical marijuana cultivation, transportation, storage, infusion and extraction of products, and sale pursuant to this Article XIV is hereby legal, and shall not be subject to criminal or civil liability or sanctions under Missouri law except as provided for by this Article XIV.

(d) The possession of marijuana, in quantities less than the monthly limit established by the Research Board, shall not subject the possessor to arrest, criminal or civil liability, or sanctions under Missouri law, provided that a valid qualifying patient identification card, a designated primary caregiver identification card, or the equivalent issued to a non-Missouri resident by another state or political subdivision of another state that is that non-Missouri resident's place of residency, is produced upon demand.

(e) A physician shall not be subject to criminal or civil liability or sanctions under Missouri law or discipline by the Missouri State Board of Registration for the Healing Arts, or other agency, for issuing a physician certification or recommending the use of Medical Marijuana to a person diagnosed with a qualifying medical condition in a manner consistent with this Article.

(f) A health care provider, including but not limited to any pharmacist, shall not be subject to professional discipline, or to criminal or civil liability or sanctions under Missouri law, for providing health care services that involve the medical use of marijuana consistent with this Article.

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(g) A designated primary caregiver shall not be subject to criminal or civil liability or sanctions under Missouri law for purchasing or administering marijuana for medical use by a qualifying patient in a manner consistent with this Article. No individual shall serve as the designated primary caregiver for more than three (3) qualifying patients at one time.

(h) Actions and conduct by a Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility or a Medical Marijuana-Infused/Extraction Products Manufacturing Facility, licensed and registered with the Research Board, or employees of such facilities, pursuant to and as permitted by this Article and in compliance with Research Board regulations, shall not be subject to criminal or civil liability or sanctions relating to marijuana under Missouri law except as provided for by this Article.

i. A Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility or Medical Marijuana-Infused Product Manufacturing Facility who allows any license under this Article to lapse or expire through failure to timely renew or reapply for such license shall still be subject to the protections of this Article, provided the licensee obtain a valid license within ninety (90) days of the date of the lapse or expiration of the prior license and pay all fines called for in this Article.

ii. A Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility or Medical Marijuana-Infused/Extraction Products Manufacturing Facility who allows any license under this Article to lapse or expire through failure to timely renew or reapply for such license shall be subject to and must pay a fine of $5,000 if a valid license is obtained within ninety (90) days of the lapse or expiration of the prior license.

(i) There shall be no immunities for negligence, either common law or statutorily created, nor criminal immunities for operating a vehicle, aircraft, dangerous device, or navigating a boat, under the influence of marijuana, and except as specifically set out in this Article the use of marijuana shall not be a defense to any civil liability or criminal activity.

(j) Missouri attorneys providing legal advice or representation relative to this Article XIV shall not be subject to professional discipline, or to criminal or civil liability or sanctions under Missouri law for providing such legal advice or representation.

(k) Patient information under this Article shall be afforded the same protection and confidentiality under the law as other patient medical information.

(l) No patient shall be denied access to medical care or priority for an organ transplant because they hold a qualifying patient identification card or use marijuana for medical use.

(m) No patient shall be denied Medicaid or other medical insurance or other governmental benefits because they hold a qualifying patient identification card or use marijuana for medical use.

(n) No testing laboratory shall be subject to civil or criminal prosecution, denial of any right or privilege, civil or administrative penalty or sanction, or disciplinary action by any accreditation or licensing board or commission for providing laboratory testing services that relate to the medical use of marijuana consistent with this Article XIV and otherwise meeting legal standards of professional conduct.

(o) No health care provider shall be subject to mandatory reporting requirements for the medical use of marijuana by non-emancipated qualifying patients under eighteen years of age in a manner consistent with this Article XIV and with consent of a parent or guardian.

(p) Subject to provisions to the contrary within this Article XIV, any individual acting within the scope of this Article XIV shall not be subject to professional discipline, or to criminal or civil liability or sanctions under Missouri law for actions authorized within this Article XIV.

Section 8. Legislation.

(a) Nothing in this Article shall limit the legislature from enacting laws consistent with this Article, or otherwise effectuating this Article, but the legislature shall not be allowed to enact laws to hinder the effectiveness of this Article or otherwise alter this Article. Except as specifically provided in this Article, nothing in this Article shall limit the authority of a municipality or county under its land planning and zoning regulations to restrict the location, but not the number of or presence of in a municipality or county of Medical Marijuana Cultivation Facilities, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facilities or Medical Marijuana-Infused/Extraction Products Manufacturing Facilities.

(b) No elected official shall interfere directly or indirectly with the Research Board's obligations and activities under this Article XIV.

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Section 9. Limitations and Other Provisions.

(a) Nothing in this Article permits a person to:

i. Undertake any task under the influence of marijuana when doing so would constitute negligence or professional malpractice; or

ii. Operate, navigate, or be in actual physical control of any dangerous device or motor vehicle, aircraft or motorboat while under the influence of marijuana; or

iii. Bring a claim against any employer, former employer or prospective employer for wrongful discharge, discrimination, or any similar cause of action or remedy, based on the employer, former employer or prospective employer prohibiting the employee, former employee or prospective employee from being under the influence of marijuana while at work or disciplining the employer or former employee, up to and including termination from employment, for working or attempting to work while under the influence of marijuana; or

iv. Consume, smoke, or use marijuana in a jail, prison, or other correctional facility; or

v. Consume, smoke, or use marijuana in a drug rehabilitation facility; or

vi. Consume, smoke, or use marijuana in a hospital or medical facility without a hospital or facility's consent; or

vii. Consume, smoke or use marijuana in a public place, including specifically, but not limited to, sidewalks, parks, playgrounds, sporting facilities, businesses, airports, bus stations, trains, casinos, government buildings, churches, synagogues or mosques; or

viii. Undertake growing or processing marijuana in a negligent or dangerous manner.

(b) A physician certification may only be given after the physician has conducted a full assessment of the patient's medical history and an in-person physical examination. A physician certification may be valid for up to twenty four (24) months.

(c) No Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility or Medical Marijuana-Infused/Extraction Products Manufacturing Facility shall be owned, in whole or in part, or have as an officer, director, board member, manager or employee, any individual who has been convicted of a felony. However, the Research Board may on a case by case basis find an exception based upon letters of recommendation and proof of rehabilitation by community service and lack of subsequent convictions if:

i. The person's conviction was for the medical use of marijuana or assisting in the medical use of marijuana; or

ii. The person's conviction was for a non-violent crime for which the person was not incarcerated in the Missouri Department of Corrections, or its equivalent in other jurisdictions, that is more than ten (10) years old; or

iii. The person's conviction was for a non-violent crime for which the person was incarcerated in the Missouri Department of Corrections, or its equivalent in other jurisdictions, that is more than fifteen (15) years old; provided that at least five (5) years has elapsed since that person's release from incarceration.

(d) A Medical Marijuana Cultivation Facility and Medical Marijuana Research Cultivation Facility shall not be owned or controlled, in whole or in part, by any person who has not been a resident of Missouri for at one year prior to the date of the Medical Marijuana Cultivation Facility's application.

(e) No marijuana or medical marijuana-infused product may be brought into the State of Missouri from outside of the state for use, sale, distribution, or otherwise.

(f) No Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility or Medical Marijuana-Infused/Extraction Products Manufacturing Facility shall manufacture, package or label marijuana or marijuana-infused products in a false, misleading or confusing manner or in any manner likely to cause confusion between the marijuana or marijuana-infused product and any product not containing marijuana.

(g) All edible marijuana-infused product must be sold in individual child-resistant re-closeable containers that are labeled with dosage amounts, instructions for use, and estimated length of effectiveness. All marijuana and marijuana-infused products must be sold in containers clearly and consciously labeled, in a font size at least as large as the largest other font size used on the package, as containing "Marijuana," or a "Marijuana-Infused/extraction Product." The product itself must additionally be imprinted with the conspicuous lettering "THC", when practicable. A label of at least 12 point bold font must be used alerting patients if processed or packed with nuts or allergens, or in a facility where nuts or other allergens are processed or used.

(h) No poisonous or deleterious substances shall be added to any marijuana or marijuana-infused/extracted product. Doing so shall be punishable by law as established by the State of Missouri.

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(i) It shall be the responsibility of the Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility and Medical Marijuana-Infused/Extraction Products Facility to provide each subsequent person or entity in the stream of commerce a listing of all substances used in the growth and processing of marijuana, other than soil, water, and seed. All Marijuana sold for approved methods, in addition to other labels required by this Article XIV, subject to modification by the Research Board, shall be labeled or include the following information on package inserts, in at least 8 point type:

i. "GOVERNMENT WARNING: THIS PACKAGE CONTAINS MARIJUANA, A CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. MARIJUANA MAY ONLY BE CONSUMED BY A QUALIFYING PATIENT WITH A QUALIFYING PATIENT IDENTIFICATION CARD. MARIJUANA USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF MARIJUANA IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. DO NOT USE WHEN OPERATING A MOTOR VEHICLE OR DANGEROUS MACHINERY. THE INTOXICATING EFFECTS OF INGESTED MARIJUANA PRODUCTS MAY BE DELAYED UP TO TWO HOURS."

ii. For packages containing only dried flower, the net weight of marijuana in the package.

iii. Identification of the source and date of cultivation, the type of marijuana, or for marijuana infused products the date of manufacturing and packaging.

iv. The appellation of origin, if any.

v. List of pharmacologically active ingredients, by percentage, including, but not limited to, tetrahydrocannabinol (THC), cannabidiol (CED), and other cannabinoid content, the THC and other cannabinoid amount in milligrams per serving, servings per package, and the THC and other cannabinoid amount in milligrams for the package total, and the potency of the marijuana or marijuana product by reference to the amount of tetrahydrocannabinol and cannabidiol in each serving.

vi. For marijuana infused products, a list of all ingredients and disclosure of nutritional information.

vii. A list of any solvents, nonorganic pesticides, herbicides, and fertilizers that were used in the cultivation, production, and manufacture of such marijuana or marijuana product.

viii. A warning if nuts or other known allergens are used in the product, or place of processing or sale.

(j) No Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility or Medical Marijuana-Infused/Extraction Products Manufacturing Facility shall assign, sell, give, lease, sublicense, or otherwise transfer its license to any other facility, person, or entity except as provided in this Article XIV.

(k) This Article XIV shall not be construed as requiring health insurance companies to provide coverage for medical marijuana use.

(l) No new license shall be granted to any Medical Marijuana Cultivation Facility, Medical Marijuana Research Cultivation Facility, Medical Marijuana Dispensary Facility or Medical Marijuana-Infused/Extraction Products Manufacturing Facility that is located within one thousand feet of any then-existing school, group day care home, child day care center, church, synagogue or mosque.

(m) A physician:

i. shall not issue physician certifications for the use of medical marijuana exceeding twenty five percent (25%) of the number of prescriptions written by that physician in the same calendar year; and

ii. shall not have an income from treating qualifying patients with primarily medical marijuana exceeding twenty five percent (25%) of the physician's gross income.

(n) It is the public policy of the state of Missouri that contracts related to marijuana for medical use that are entered into by Qualifying Patients, Designated Primary Caregivers, Medical Marijuana Cultivation Facilities, Medical Marijuana Research Cultivation Facilities, Medical Marijuana-Infused/Extraction Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities and those who allow property to be used by those entities, should be enforceable. It is the public policy of the state of Missouri that no contract entered into by Qualifying Patients, Designated Primary Caregivers, Medical Marijuana Research Cultivation Facility, Medical Marijuana Cultivation Facilities, Medical Marijuana-Infused/Extraction Products Manufacturing Facilities, or Medical Marijuana Dispensary Facilities, or by a person who allows property to be used for activities that are exempt from state criminal penalties by this Article XIV, shall be unenforceable on the basis that activities related to medical marijuana may be prohibited by federal law.

(o) Marijuana cultivation of all types must occur indoors in an enclosed, locked facility; a warehouse, room, greenhouse, or other enclosed area equipped with locks or other security devices that permit access only by authorized personnel, Research Board requirements, and meeting industry standards for safety and safe use of electricity.

(p) Real and personal property used in the cultivation, manufacture, transport, testing, distribution, sale, and administration of marijuana for medical use or for activities otherwise in compliance with this Article XIV shall not be subject to asset forfeiture solely because of that use.

(q) The Research Board may require Medical Marijuana Dispensary Facility to have, on call during all operating hours, an individual licensed in Missouri to the practice of pharmacy as defined in Chapter 338 of the Revised Statutes of Missouri who is available for on-site or telephone consultation within thirty (30) minutes.

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Section 10. Public-Private Collaborative Ventures.

(a) The Research Board may enter into leases of property owned or to be acquired by the Research Board on the campus with participating research entities for building and construction, jobs, education, research to find cures, and in such endeavors enter into contracts for joint ventures and collaborative efforts and to find cures and treatments for presently incurable diseases and targeted diseases and to develop cures that may be discovered, improved or patented, in whole or part, and lease property for reasonable campus development and pursuant to this Article XIV.

(b) Any participating research entities, whether public, private, quasi-public or quasi-private, which develops cures or treatments which occurs in whole or part, directly or indirectly, by having its presence on the Biomedical Research and Drug Development Institute campus or in participation by written agreement with the Research Board, shall pay to the Biomedical Research and Drug Development Trust Fund – Section 10 Account an agreed upon contractual amount but if no contract has been entered into as to an amount, then the greater of three percent of all gross revenues or seventeen percent of all profits derived from the participating research entities cures or treatments, whether such monies were produced, earned, derivative, interest or otherwise received. All contracts when practicable shall be published on the Research Board's website at least 14 calendar days before any contract is finalized and published again after the contract is finalized.

(c) The Research Board may, along with or in conjunction with the participating research entity, or other entities, or on its own, make, produce, develop, market, distribute, license, and sell cures, goods, services and products, both of a medical and non-medical nature.

(d) All participating research entities shall establish a physical presence in Missouri, be licensed to do business in the State of Missouri and consent to jurisdiction of Missouri courts, and all contracts shall be governed by Missouri law.

(e) Participating research entities shall not provide anything of value to any member of the Research Board or their employees that could influence academic or research freedom, or otherwise interfere with the academic or research freedom of any member of the Research Board, nor to targeted disease groups or panels. Participating research entities who violate this prohibition shall have leases voided, and shall surrender all profits derived from the participating cures and treatments produced, earned or received, to the State of Missouri, and shall be liable for any actual and consequential damages and in appropriate circumstances also punitive damages, to the Research Board with all such damage awards being credited to the Biomedical Research and Drug Development Trust Fund – Section 10 Account.

(f) Any monies received pursuant to this section 10 shall be paid into the Biomedical Research and Drug Development Trust Fund – Section 10 Account and annually disbursed by the following formula:

i. Fifty percent (50%) to the Biomedical Research and Drug Development Institute Trust Fund General Purpose Account;

ii. Twenty-five percent (25%) to general revenue of the State of Missouri with

a) 1/4 of this 25% for the exclusive purpose of funding Missouri state roads and bridges infrastructure repairs,

b) 1/4 of this 25% for the exclusive purpose of funding public pre-school programs, public elementary and secondary school programs, and to provide grants to in-state Missouri students to attend state institutions of higher education governed at the time of the enactment of this Article XIV by sections of 174.020 to 174.500 Revised Statutes of Missouri and chapter 172 Revised Statutes of Missouri., and

c) 1/4 of this 25% for the exclusive purpose of funding medical care for Missouri residents;

d) 1/4 of this 25% to fund Missouri public employee retirement trust funds; and

iii. Twenty-five percent (25%) to be refunded to Missouri state income tax paying citizens, refunded equally to all citizens of Missouri who have paid state income taxes of more than five hundred dollars ($500) or more in the year prior to the payments being received by the Research Board pursuant to this section 10, up to the total amount of state income tax paid by such Missouri citizen in that year. Any residual amounts above and beyond the tax refund shall be paid equally to all Missouri state income tax paying Missouri residents. The refund check to Missouri citizens shall clearly state "Research Board Tax Refund".

(g) All contracts entered into pursuant to this section 10 and this Article XIV shall require that any cures obtained pursuant to section 10 and this Article XIV shall be made available to the residents of the State of Missouri at cost, with no mark-up.

Section 11. Effective Date.

(a) The provisions of this Article shall become effective on December 31, 2018.

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Section 12. Severability.

(a) All of the provisions of this Article, all sections, all subsections and all clauses and phrases shall be self-enforcing. All of the sections, subsections, provisions, clauses, phrases, and words within them are severable. If any of the sections, subsections, provisions, clauses, phrases, or words within them are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted, the remaining sections, subsections, provisions, clauses, phrases, or words within them shall be and remain valid. If any appointment or selection pursuant to this Article, except 3(k)i-iii., are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted, the appointment and selection, subject to any valid qualification requirement, shall be made by the Governor with the consent of a majority of the Senate. If all appointments or selections pursuant to 3(k)i-iii. are found by a court of competent jurisdiction to be unconstitutional or unconstitutionally enacted, the appointment and selection, subject to any valid qualification requirement, shall be made by the Governor with the consent of a majority of the Senate.